THE EMPIRE CLUB

ADDRESSES 1971-1972

The Empire Club of Canada
1971-1972

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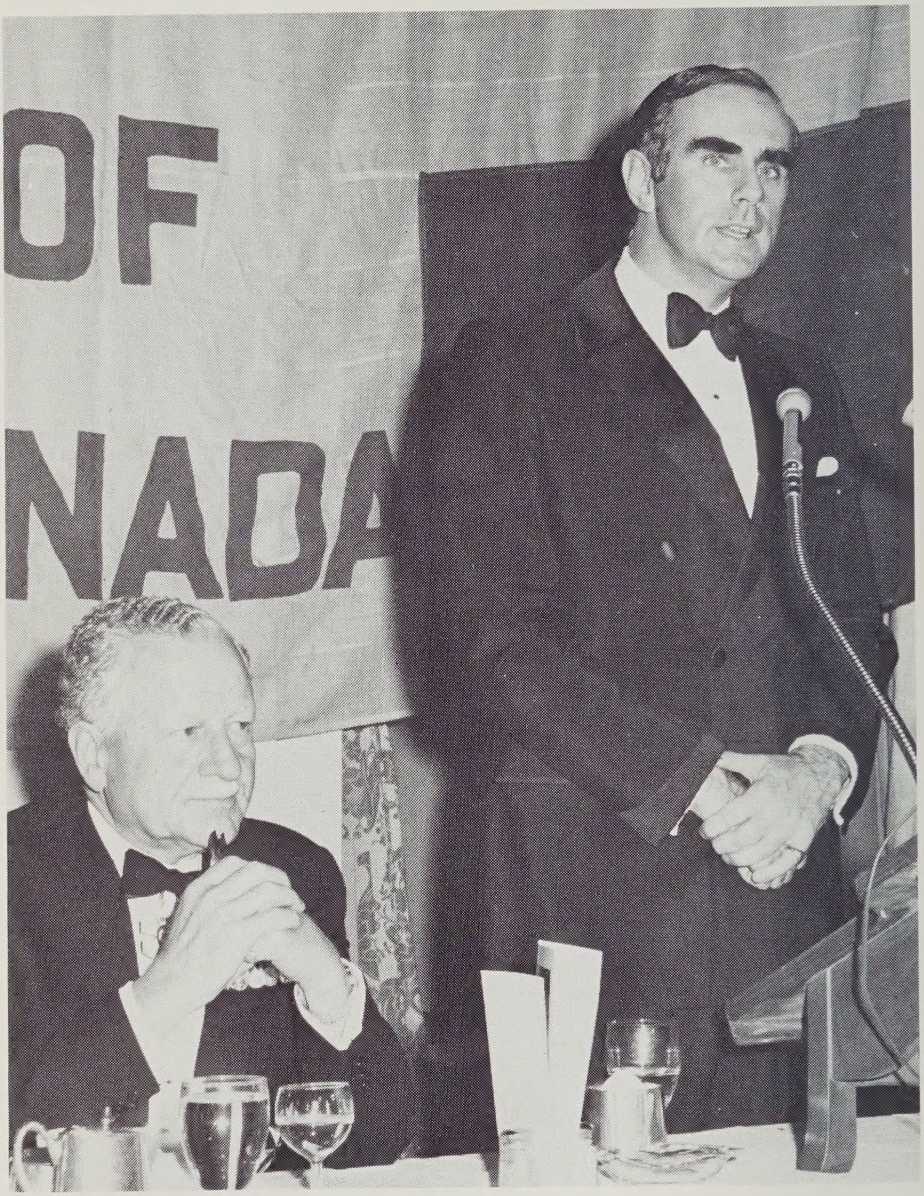

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ADDRESSES 1971-1972

The Empire Club of Canada

SIXTY-NINTH YEAR

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The Empire Club of Canada

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In 1903, The Empire Club of Canada was formed to provide a forum for prominent men and women to address the Toronto business and professional community. Since that time, the speeches of our guests have been recorded in handsomely-bound yearbooks. These volumes, for almost seventy years, have provided a unique documentation of contemporary thought and perhaps now serve to offer students of history the finest collection of varied opinion by leading Canadians available in Canada.

In recent years, an increased awareness of our heritage has resulted in a considerable demand for previous editions of our Yearbook, particularly from libraries, universities, and all those who appreciate the uniqueness of the Yearbook in its easily readable form.

Last year, with the assistance of The Empire Club Foundation, the 1970-1971 Yearbook was sent to all public libraries throughout Ontario. This year, over 3,500 of this edition will be mailed to high schools, universities and libraries throughout Canada. This is being made possible through the generous financial assistance of The Empire Club Foundation whose benefactors and supporters are listed on page 467 of this volume. Their support is greatly appreciated.

In an attempt to put the addresses in this volume in their historical perspective, your editor has, in many cases, included a brief note describing the events which occasioned the remarks of our Speakers. The Empire Club, of course, neither agrees nor disagrees with any statement made by our guests. Such editorial comment as your editor may have included is intended simply to put the addresses in their historical setting and should not be construed as approval or disapproval of any of the views expressed in this volume.

HENRY N. R. JACKMAN
President: 1971-1972

The opinions and views expressed in the addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

Edited by Henry N. R. Jackman

Photographs by Geoffrey Share

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HIS EXCELLENCY, MONSEIGNOR PHILIP E. POCOCK
THE REV. GEORGE MORRISON

THE LEGER LUNCHEON

OCTOBER 1, 1971

A New National Economic Policy

AN ADDRESS BY The Honourable William Davis,
Q.C., M.P.P., LL.D.,
PRIME MINISTER OF ONTARIO

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Although it is not customary for the President of the Empire Club to ask someone other than the principal speaker to address the meeting, I know you will all agree with me that the importance of the United Appeal to our metropolitan community deserves making an exception. I would like to present to you Mr. James C. Thackray, Executive Vice-President of Bell Canada and this year's Chairman of the United Appeal.

MR. THACKRAY:

I speak to you on behalf of more than 125,000 families who are clients of one of the seventy-eight United Appeal Agencies in Metropolitan Toronto. Perhaps some of those families are represented in this room. One doesn't need to be poverty-stricken to need help in dealing with the realities of living in a contemporary, complex, urban society.

Obviously, however, most clients of United Appeal agencies could not buy the services they receive from the Agencies. The rest of us then must fill the gap, between income from Government grants and fees and the small amounts some clients can pay. Hence, the United Appeal Campaign – a great means to a noble end.

This year, the needs are pressing – you know, as well as I, how important it is for us to keep these voluntary agencies going. The quality of life in Metro is vitally affected. We count on your support. An extra dime on every dollar donated – or ten dollars on every hundred – will put us over the top.

Now, we notice that another campaign is underway that is due to culminate on October 21st. It is important also and, therefore, we gladly accept the fact that our political friends are poaching on the traditional United Appeal time across Ontario. So we say – "After you have canvassed, collected and contributed to your United Appeal Campaign, don't forget to vote for the candidate of your choice."

MR. JACKMAN:

Last February, when our guest became Premier of Ontario, I invited him to be the opening speaker for The Empire Club's 1971-72 Season, an invitation which he very graciously accepted. Since that time, only seven short months ago, many changes have taken place in the political life of our Province. Through circumstances well beyond the control of The Empire Club, though perhaps not entirely beyond the control of our Premier, this has perhaps been a busier fall for our guest than he might have anticipated when he accepted our invitation. We are, therefore, doubly grateful that he has seen fit to honour this long-standing commitment.

The presence of the Premier of Ontario at Empire Club Luncheons is, of course, not unusual. Every Premier of Ontario has spoken to this Club, usually many times during his term of office. I could go further and say that every Premier of Ontario in the past 70 years has also been a member of The Empire Club. In fact, three Premiers of Ontario, Sir William Hearst in 1922; the Honourable George Drew in 1932-33; and the Honourable G. Howard Ferguson in 1940-41 have served as Presidents of this Club.

In the event that some of our guests may think that this seeming connection between The Empire Club and the Premier's office is a bit untoward or strange, I can assure you that while there is a very good chance that every Premier of Ontario will be asked to join, if not to become President of The Empire Club, I can likewise assure you that it is very unlikely that every President of The Empire Club will ever receive a reciprocal invitation.

I, therefore, urge those guests here who would like to join The Empire Club – and I sincerely hope you will do so, simply by filling out the forms left on the tables and mailing them to the Club's Secretary – that you will do so in the expectation of good food, good company and good speeches, and not consider it as an opportunity for political advancement.

The role of Premier of Ontario has never been an easy one. If one took the time to read the addresses of successive Premiers of Ontario in our Yearbooks, going back now for almost 70 years, one would very quickly begin to realize that the responsibility of our Province's Chief Executive has certainly not diminished through the years. In this age of ever increasing government involvement in our daily life, the sheer size and economic importance of Ontario to the rest of Canada, has compelled our modern Premier to look outward and take a national rather than a provincial view of his responsibilities.

Our guest today has dedicated his life to the science of politics and government. Elected to the Legislature at the age of 29, a Cabinet Minister at 32 and Prime Minister at 41, William Davis, perhaps unlike others who are summoned to such high office, has exhibited a rare degree of professionalism and understanding of government processes. His Administration, though only seven months old, has come to office highly responsive to demands for change, but, at the same time, feeling secure in its ability to move the levers of government firmly in accordance with its own deep felt convictions and beliefs.

Three weeks from today the future of Bill Davis will be decided by a constituency far greater than those assembled here – and on this the first day of October, 1971, in the midst of a fiercely contested election battle, it is very difficult not to be conscious of the role of Bill Davis as a political partisan. This is a role which, of course, all Prime Ministers must play.

It is easy in times like these, to forget that on most of the really important issues all Parties are united. It is also perhaps easy to forget that no one political party has a monopoly of concern for individual liberty and human betterment.

As the Premier of Ontario must at all times represent each and every one of us and provide the leadership which our Province and nation so richly deserve: the man I now introduce you to is in a very real sense – Leader of the Province and Prime Minister of us all.

I present to you the Honourable William Davis, Prime Minister of Ontario.

THE HON. WILLIAM DAVIS:

Some of you will recall that four years ago the Government of Ontario took the initiative to convene a Confederation of Tomorrow Conference. The purpose of that conference was to explore the possibility of ters affecting national unity. It provided focus for both the concensus and agreement among the provinces in matters relating to constitutional issues and having to do with mat- political leaders and the Canadian people.

We were all seeking the assurance of our survival as a harmonious nation and the development of a true cultural identity satisfactory to the historic character of Canada. Such has been our continuing concern.

At the most recent Federal-Provincial Conference at Victoria, the provinces and the federal government failed to achieve concensus about the future shape of the Canadian constitution. No one should regret that the effort was made, nor should anyone conclude that the matter is impossible of achievement. If anything, there is greater urgency and, more than that, it is now obvious that there are other important considerations relating to the Constitution which must be resolved.

During these years of self-examination and introspection, Canada enjoyed an unprecedented period of steady economic growth. This salutory condition of our economy was taken as a given fact, and not until very recently was there any substantial body of public opinion or discernible government effort directed to economic considerations. Nevertheless, our economy has for some time been showing the strain of prolonged unemployment, low productivity, and the failure to produce to capacity.

Easy assumptions as to when and how the economy would resume its normal course, or what so many considered its normal course, disappeared in the wake of the American measures which were proclaimed on August 15th, so that once again, for the first time in a long time, national economic policy becomes an urgent concern and one that, I suspect, will dominate the decade of the seventies and be the principal preoccupation of all Canadians and their governments.

I hope this somewhat dismaying discovery will make way for an earnest effort to develop an explicit national policy or national objectives and aspirations in pursuit of which policy can be framed. To that general observation, let me attach some matters more specific.

In whatever future policy, there now needs to be an emphasis, if not an insistence, on the need for us to process more of our own national resources and minerals in Canada. There must be clear recognition of the need for research and development in Canada, more of it Canadian, regardless of the nationality of the enterprise.

We must make the maximum effort to exploit certain of Canada's clear bargaining advantages in relation to the export of our natural resources. We need to have a more explicit policy regarding resource conservation.

There must be a consideration, if not a determination, of those areas of the country which should more effectively concentrate on resource development, and those areas where secondary manufacturing can be viable in terms of the economies of scale and desirable in terms of the protection of the environment.

There must be a clear recognition of the pressing need for new manpower policies, both in terms of creating opportunities for the young and for the retraining of older citizens.

There is no greater disaster area in the field of public policy than in welfare. The resolution of this problem can only be found in new policy.

We must find ways and means to draw upon the considerable savings in Canada which, in terms of national requirements for capital, now amount to hoarding, so that we can encourage entrepreneurship and business investment, and while we cannot as a manufacturing and trading nation interfere with the basic need for greater scale and production, we need policies which are designed to enhance and maintain competition in the economy.

There are some, but not all, matters which await our study and initiative. Saying so, I should now add that Ontario is the province that provides two-fifths of the Gross National Product and provides two-fifths of the jobs in our country. I take it for granted that the Government of Ontario has a role and a responsibility in the development of national economic policy. No provincial government, much less Ontario, can be indifferent to the success or failure of such policy.

One does not need to be in an election campaign to discover the obvious fact that the voter does not go about with a copy of the British North America Act in his pocket. He does not consult it very often, and he is not fully aware of which government is responsible for what. Instead, he is inclined to confront the first politician he encounters and ask "What are you going to do about it?" and indeed, he is more often right than wrong in the belief that more than one government is involved in almost every area of public policy. But when I say they are involved, and when one admits the interrelationship and mutual interest, this does not assume, unfortunately, either co-ordination or co-operation. There is never too much of it and, more often than not, there is not enough of it.

In recognition of this, Ontario has already gone quite a distance. We have our Federal-Provincial Affairs Secretariat, our Central Economic Planning Branch, our regional development program, and our basic taxation and fiscal policy programs, but we must go further in the future organization of government in this province. But it is not only up to Ontario, or any other province, to recognize the need. It is essential that there also be that recognition in Ottawa.

I agree that it is easier to recognize the shortcomings of others than the faults of one's self, but surely it is now abundantly clear that part of our failure to articulate clear national economic objectives and to develop economic policy has been due to our failure to co-ordinate our efforts and to co-operate with one another. For example, I have in mind income tax reform, the recent new proposals for Unemployment Insurance; and the recently announced family income and supplement program. These are three federal programs which were developed and which are proceeding independently, and their efforts will be less than satisfactory and less than desired because of the failure to develop them together.

Whatever the cloth or colour of the federal administration or a provincial one, economic interdependence is a fact of life. The great majority of Canadians accept the premise that it is in the national interest that we process our own resources. Nothing stands in the way of that short of national policy, but it cannot be a policy handed down.

Instead, it requires complete federal-provincial co-operation. For example, the federal government controls policy over the export of energy, but the provinces control production of these products and have a natural concern as to their viability and distribution. Co-operation, then, is a basic requirement.

These are the matters that should now occupy our concern and demand our energies if we are to maintain an efficient economy and an effective Confederation. It is for these reasons that I have decided to reconstitute the Ontario Advisory Committee on Confederation and give it new terms of reference. I have asked the Chairman, Mr. Ian Macdonald, to make recommendations to the Government, which I expect to have shortly, which in reconstituting the Committee will place the emphasis much more squarely on the functional and economic policy problems which Canada will face and, indeed, faces now, and in devising means within our jurisdiction to solve them.

Now, if I might, Mr. Chairman, address myself to matters of the day, it has been my observation that every political leader brings to government something of his own personal attitudes and aspirations which cannot help but be an influence upon the development of government policy and which will shape the character of his administration.

It is, of course, a political imperative that you win, but it is also a matter of personal decision if an electoral victory is seen as being likely, or at least possible, how you are to win. In other words, the terms of your mandate.

Some may feel, and they may be right, that we should enliven the election campaign with promises and easy assurances. I confess to be inhibited by an intimacy with the facts. Some people do not like to be told that any government is limited in its powers, that all problems do not have immediate solutions, that the only government source of income is the taxpayer, and that everyone is in fact a taxpayer.

It is sometimes politically expedient to delay decisions. It is always easier to say “yes” than “no” and it is often a temptation not to say either.

In the first few months in the Prime Minister’s Office at Queen’s Park, I cannot recall making any decision in which

I could be certain that the majority would approve of it. I believe it more important, however, that people have a decision and, whatever it is, that they believe you did what you thought was right, whether or not it was popular.

These are the times of difficulty and anxiety for a number of Canadians, those without work and many others who are insecure in their jobs. It is of first importance that we do not lose confidence in our capacity to respond to the challenges to our economy and, indeed, to our economic system.

I believe the surest way to lose the confidence of many is to create false and unrealistic expectations. The casualties of public failure of expectations is a loss of faith in our political institutions and in public men.

It is always a poor political risk to seek power by abandoning responsibility; today, the risk could be fatal.

This is a poor time for Ontario to set one group of our people against another, to sow seeds of suspicion and resentment, to conceal our real problems behind hollow slogans and abusive rhetoric. I believe it will be tragic if we fail to respond to the hard realities confronting too many Canadians who are faced with the loss of months and years of productive life.

The need for jobs is the first priority, and all the talk of belligerent jingoism and pie-in-the-sky economic theorizing, will not put one man back on the job, or keep him there.

No one has a greater stake in the decisions to be made in the interest of national economic policy than has Ontario. Ontario cannot prosper if a great part of the country is a depressed area.

Ontario cannot grow and diversify and market her products to the world if Canada is seen as a nation of confused and feeble purpose, internally divided and at odds with her neighbours.

This is a time for Ontario to exert its leadership and use its basic strengths of resources and skills to fulfill a new role in the determination of a new national policy. To do so, and to succeed, requires of us some sacrifice of self-interest, and it requires a stable government supported by a confident people. I regard this period in our history as a test of the maturity and common sense of our people, and an indication of their strength and resolve. Because I have confidence in them and in Ontario, I am only anxious that we all get on with the task at hand.

Mr. Davis was thanked on behalf of The Empire Club of Canada by Mr. Robert L. Armstrong.

EDITOR'S NOTE: This speech was given just three weeks prior to a general election in Ontario. The Progressive Conservatives had been in power since 1943 and there was considerable speculation as to whether William Davis, who had succeeded to the office of Premier on the retirement of The Honourable John Robarts just seven months earlier, would be able to hold on to a majority in the Legislature. These reservations proved unfounded as Mr. Davis increased his party's standing, winning 78 seats to 20 seats for the Liberals and 19 seats for the New Democratic Party.

In this major address, Mr. Davis suggested that Canada's failure to articulate clear economic objectives and develop a co-ordinated economic policy was caused by lack of federal-provincial co-operation. In November of 1971, with the election behind him, Mr. Davis expanded on his ideas with the Federal Government and other Provincial Premiers at a Federal-Provincial Conference in Ottawa. He suggested the establishment of a "Joint Economic Committee" which would hopefully enable the Provincial Governments to participate in the formulation of long term economic objectives, particularly in the field of taxation. His proposals won considerable support with the other Provincial Premiers but to date, have been resisted by the Federal Government.

OCTOBER 7, 1971

Defence in the Seventies

AN ADDRESS BY The Honourable
Donald S. Macdonald, P.C., M.P.
MINISTER OF NATIONAL DEFENCE

CHAIRMAN The First Vice-President,
Joseph H. Potts, C.D., Q.C.

MR. POTTS:

The following comment appears in Volume two of Wellington's Dispatches.

> "An intimate friend having remarked in familiar terms to Sir Arthur Wellesley, when at Hastings (1806), how he, having commanded armies of forty thousand men in the field; having received the thanks of Parliament for his victories; and having been made Knight of the Bath, could submit to be reduced to the command of a brigade of infantry? 'For this plain reason,' was the answer, 'I am *nimmukwallah*, as we say in the East; that is, I have ate of the King's salt, and, therefore, I conceive it to be my duty to serve with unhesitating zeal and cheerfulness, when and wherever the King or his government may think proper to employ me.' "

I have related this anecdote not so as to suggest that our distinguished guest is likely to be asked to accept a reduction in command, as was Sir Arthur Wellesley, but rather to emphasize his approach to public service. He has indeed conceived it to be his duty to serve with unhesitating zeal and cheerfulness, when and whenever the Queen or her government thought proper to employ him. He has not commanded armies of forty thousand men in the field, nor a brigade of infantry. In fact, he has not had any military service other than as a cadet at school.

You will recall that there was considerable comment when our guest was appointed Minister of National Defence, as to whether or not this lack of military service would prove to be a handicap in the discharge of his duties. The late Professor MacGregor Dawson, that eminent political scientist, would have had no such reservations. He advocated the theory of the amateur and the expert in government whereby it was preferable for a cabinet minister to possess qualities of intelligence and common sense rather than any particular expertise. Thus he would approach the decision making process with an open mind and give due consideration to the expert advice available to him. In any event, I can testify that the Minister has had extensive battle experience – albeit in political wars – as is the lot of all politicians, successful or otherwise.

If you will pardon a personal note, I feel compelled to inform you Sir, in your capacity as Minister of National Defence, that I occupied a rather unique position during the last war. According to my revered father, I was the only private soldier in the Canadian Army who had a Major General as a batman!

Ten years ago last month, our guest was nominated as a candidate in the Federal Riding of Rosedale when he was still 29 years of age. He was elected to the House of Commons the following June and has been re-elected in three successive general elections. He was appointed as Parliamentary Secretary to the Ministers of Justice, Finance, External Affairs and Industry. He has served as Acting Minister of Justice, President of the Queen's Privy Council for Canada and Government House Leader, prior to his present appointment.

He attended University of Toronto and Osgoode Hall Law School following which he received his Master of

Laws' degree from Harvard Law School and a diploma in International Law from Cambridge University.

Mr. Macdonald, it gives me great pleasure to introduce you to the members of The Empire Club of Canada and to invite you to address us on the subject "Defence in the 1970's".

THE HON. DONALD S. MACDONALD

As many of you know, the Government in August published the White Paper on Defence for which I was primarily responsible. It is entitled "Defence in the Seventies".

Defence has not been a primary political issue in the last several years in Canada, and, indeed, I don't pretend that at the moment it is a question that is commanding your prime concern.

But precisely because many of you may not have had the opportunity to reflect on defence problems as we move further into the decade of the Seventies with its new problems and challenges, it seems to me an appropriate occasion to discuss some of the circumstances regarding this new policy paper.

Some have asked why Canada needed a new White Paper on defence policy at this time.

Primarily, the answer is that it was required to define in greater detail the implications for the Canadian Forces and for the Canadian people of the priorities which were set out by the Government in its policy statement of April, 1969. Also, the last paper was in 1964, and there have been many sweeping changes in situations, strategies and technology since that time.

And here I would like to say that I believe that the Paper has been generally well received in all sectors of the community – ranging from the military to the civilian.

There have been some criticisms that the Paper was not sufficiently detailed in some areas, but this was a conscious decision to avoid having Canada locked into some set positions for many years in an era of fast change.

It was the intention to set out a framework of priorities and roles for the Canadian Forces in the Seventies.

There was praise from some rather unexpected quarters of the media, and there was the expected reaction from some others.

The statement of priorities as outlined in 1969, as any statement of priorities is and as I have already indicated, was designed to provide a guide to those responsible for defence planning.

In particular, it was the key for determining how the available resources for defence purposes should be allocated, and, in the case of conflicting claims on these resources for use either at home or abroad, to provide some kind of guide as to the manner in which they are to be used.

What then are the priorities?

First in order of priority comes the protection of Canada itself, meaning the surveillance of our own territory and coastlines, and the protection of our governmental institutions against internal subversion;

Second is the defence of North America in co-operation with the forces of the United States;

Third is the fulfillment of such NATO commitments as may be agreed upon; and,

Fourth is the performance of such international peacekeeping roles as we may, from time to time, assume.

The Government declared, in effect, what must be declared by the government of any state, indeed by the head of any family, that the first responsibility is for protection close to home. Following that is protection of the more immediate community, and then the protection of a broader community.

In the case of Canadian defence, ours is a recognition that our first priority must be to provide protection to Canada, followed by protection of the North American community, then the broader North Atlantic community, and finally that of the world community through United Nations' peacekeeping.

While it was desirable to give Canadian defence policy such a statement of priorities, and to define the priorities in detail, this was not a particularly easy time to do so.

It was a difficult time to make a policy statement on defence for two basic reasons – firstly, because of the change in the international climate and secondly because of the fast pace of technological change in the defence field.

Let us have a look first at some of the changes which have been occurring in the international climate.

In the period since the emergence of the Cold War with its chilliest blasts in the late Forties and early Fifties, we have been inclined to think in defence terms of a bi-polar world, of the East versus the West, and the Warsaw Pact versus NATO.

But it is now recognized that the period of bi-polarity has ended with the emergence of mainland China as a major military power, a power with increasing capability of challenging the Soviet Union on land, and of challenging the United States in a strategic sense through a developing missile capacity.

The Cold War has produced a stalemate between the two super-powers and their allies, and I think it is a fair claim to make for the defence systems of the 1940s and '50s, that is to say NATO and the North American Air Defence System, that they were effective in producing the stability which grew into the stalemate.

But the stalemate is now being broken by diplomacy. And this is diplomacy in which not only the super powers but many others are taking part.

In the first place, of course, must come the discussions between the United States and the Soviet Union on strategic questions. These are the Strategic Arms Limitations Talks in which the two super powers are negotiating limitations which will be placed on the strategic weapons systems of each.

This involves an overall agreement on the number and quality of intercontinental ballistic missiles and other strategic weapons which will be put in place and on the extension of anti-ballistic missile systems.

In terms of the survival of the human race, this has to be one of the most important of the discussions about the limitations on ultimate weapons of destruction.

But while such discussions have been going on with the super powers, the Federal Republic of Germany, which more than any other state has been feeling the weight of the Cold War confrontation, has been engaged in a diplomatic offensive.

Chancellor Brandt's Ostpolitik is intended to try to replace the military confrontation in Central Europe with a working & living arrangement between the two Germanies and between West Germany and the other states of Eastern Europe.

This policy has most recently resulted in the new working arrangement with respect to access to Berlin.

And while these two major diplomatic initiatives are going on, there are the initiatives being taken by the NATO nations generally through the Alliance leading towards mutual and balanced force reductions in Europe.

These were the initiatives which were started by NATO two or three years ago, and the recent response of the Soviet Union to the initiatives indicates the prospect of working out some kind of agreement.

As a consequence of these diplomatic developments, and I think it is salutary to point out that the negotiations have only started and that new security arrangements have not yet been achieved, it was time for Canada to look at its long-range defence planning.

Defence planning had been directed primarily towards a response in the Cold War context. With a change in the climate, the response had to be reviewed.

At the same time, the participation of Canada in international peacekeeping had also changed.

You will recall that in the last White Paper on Defence Policy in 1964, peacekeeping appeared to be one of the growth areas for Canadian defence activity.

Change in the possibility of peacekeeping has two aspects – political and military.

In the political aspect, it will be recalled that the basic assumption was that peacekeeping could be worked out by the middle powers, such as Canada, moving in where a stand-off between the super-powers made any kind of solution impossible.

The other assumption was that while the original peacekeeping initiatives were on a rather ad hoc basis, general military arrangements might be worked out through the United Nations so that this system of security could become more standardized.

Well, as in the Middle East, the great powers now seem to be able to negotiate their own deals between themselves. This lessening of immobility between the major powers means a reduction of the need for middle powers to move in.

And at the same time we should also acknowledge the inability of the United Nations to achieve any very effective arrangements with regard to military participation in peacekeeping.

If this sounds a little negative, let me assure you that Canada remains ready and retains both its present peacekeeping commitments and its undertaking to provide forces to the United Nations in the future for this purpose.

But if Canada is ready for future peacekeeping involvement, it seems that the United Nations Organization is not.

While these changes were occurring in the international sphere, we were also beginning to recognize renewed demand on our resources at home. One example was the renewed demand for national development, particularly in the regions of the High Arctic.

Regrettably, there were also demands that the Armed Forces be used in support of the regular police authorities in internal security problems.

And, perhaps most significantly, were demands on the Forces resulting from the extension of Canada's maritime frontiers in the area of pollution control, fisheries protection, and the exploitation of the seabed.

In the latter respect, the responsibility for maintaining controls against pollution and Canada's maritime approaches, or for regulating deep-sea fishing, or for exploiting the resources of the continental shelf, are, of course, the responsibility of civil departments.

But the fact remains that in a dozen different ways in the past year, the Canadian Armed Forces, with their special skills, have been called upon to render assistance to the civil authorities.

One instance was the oil spill clean-up in Chedabucto Bay in Nova Scotia following the wreck of the tanker Arrow last year.

As the report of the group which handled this incident states, only the Forces had the necessary equipment and skills at that time to come to the assistance of the civil authorities in eliminating the menace to beaches and shorefront.

And here I should affirm, in case there be any doubt about this point, that the Canadian people have in the Canadian Armed Forces a highly-expert, well-disciplined, professional armed force.

It is a force trained and equipped not only to perform its military tasks, but also to apply that training and that equipment to be of assistance to the civil community.

Therefore, I regard it as one of my responsibilities in defining Canadian defence policy, to define a role for the Forces which the community and the servicemen themselves will find to be a satisfying one.

In producing such a role there is the maintenance of what I regard as an asset to the Canadian people.

The Forces in such circumstances are not only an asset but also an insurance protection against who knows exactly what kind of threat which may occur from time to time. This can be a threat to the sovereignty or the stability of our community in any one of many ways.

I believe that there is one major conclusion which could be drawn today about the defence preparations.

And this conclusion is based not only on the experience of Canada, but of many other states in this fast-changing and complex twentieth century.

The conclusion is that even with the greatest foresight and the best planning, the kind of threats which armed forces will have to meet will probably not be those which are foreseen at the time the planning is done.

By ways of example I can point to the recent experience of the British.

In the past decade under the Labour government, and under an extremely intelligent and hard-working defence minister, elaborate planning was done as to the mid-twentieth century roles for the British forces.

But that elaborate planning was for everything except that for which the British military is at the moment so heavily engaged in Northern Ireland. With the best of efforts in advance, the exact nature of the demand on the armed forces could not be and was not foreseen.

The important lesson to be learned from our defence experience is that while the challenge that may be presented to the country may not appear in the manner in which planning conceives it, a well-trained and well-disciplined force can be adapted to meet new circumstances.

However, such a force cannot be created in time of crisis, particularly in these modern times when the crisis may arise and come to a head with such brutal suddenness.

In conclusion, then, we have set out to plan a Canadian Armed Force which will be in a position to continue to discharge Canadian international commitments so long as they may remain.

In addition, however, we have set out to create an

Armed Force as a continuing force of a high professional character for the support and the protection of Canadians against challenges not yet known or foreseen.

Mr. MacDonald was thanked on behalf of The Empire Club of Canada by Brigadier General B. J. Legge, C.St.J., E.D., C.D., Q.C.

EDITOR'S NOTE: This address was given two months after the release of the Federal Government's White Paper on Defence which was an attempt to define the role of the Canadian Armed Forces in the 1970's. Many observers felt that the Government was changing emphasis from its traditional role as a member of the NATO and NORAD Defence Alliances, which were designed primarily to deter Russian aggression, and concentrating more on the problems of internal security, pollution control, fishery protection, and guarding our Arctic and Maritime frontiers.

This shift in emphasis resulted in a certain amount of criticism from those who felt that peace with the Communist block could only be maintained by greater military support of NATO. Similarly, separatist and civil liberties groups also questioned the wisdom of using the Army for "internal security" as was done at the time of the F.L.Q. terrorist activities in Montreal during 1970 which saw the kidnapping of a British diplomat and the murder of a Quebec cabinet minister.

Supporters of the Government, on the other hand, felt that the lessening of tensions with Russia justified a review of defence priorities and that the use of our armed forces to achieve purely national goals was more consistent with the increasing awareness on the part of Canadians of a separate Canadian identity.

OCTOBER 14, 1971

The Art Gallery of Ontario – Ontario's Great Asset

AN ADDRESS BY Edmund C. Bovey,
PAST PRESIDENT OF THE ART GALLERY
OF ONTARIO

AND A TRIBUTE TO Henry Moore, O.M., C.H.
by
Honourable John P. Robarts,
P.C., Q.C., LL.D.,
FORMER PREMIER OF ONTARIO

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

This third meeting of the Empire Club's 1971-72 season is called for two purposes; first, to pay tribute to Henry Moore, one of the world's greatest artists; and, secondly, to hear about the plans for the extension of the Art Gallery of Ontario, a gallery which is rapidly becoming one of the greatest of its kind in the world.

As will be mentioned here today, the names of Henry Moore and that of the Art Gallery of Ontario are becoming inseparably linked, so that in the future one will not think of our gallery without being conscious of the magnificent work and contribution of our honoured guest and the special debt which we and future generations from this Province will owe to this great man.

To pay a special tribute to our distinguished guest, we have with us today the Honourable John Robarts. This, I might add, is the first time that we have had John Robarts officially at our head table since he retired as Premier of Ontario some seven months ago. We are indeed happy to have him here with us once again.

This is of course not the time or place to pay tribute to everything that John Robarts has done for this Province. However, I would indeed be remiss if I did not mention that if it were not for the sympathetic interest, the encouragement and the support given by Premier Robarts and his Government, the dream of Mrs. Zacks and her late husband and Ed Bovey and all those others associated with them, – to make our gallery into the new Art Gallery of Ontario would not have been possible.

Ladies and Gentlemen, the Honourable John Robarts.

THE HON. JOHN ROBARTS:

Mr. Chairman, your Worship, Mr. Moore, honoured guests, and ladies and gentlemen, I am delighted to be included in this meeting today. I do not spend as much time in this room as I once did, and it is fun to be back, particularly on this occasion when we are paying a tribute to Mr. Henry Moore, who has done so much and is doing so much presently for our Art Gallery of Ontario.

As the Leader of the Government of course one becomes involved in many, many things; I suppose eventually in all aspects of the life of our people in this Province. My association with the Art Gallery and those who support it has been one of pleasure and enjoyment and benefit to myself. I enjoyed it very much indeed.

We decided some years ago that we needed to give a little more support as a Government to some of the artistic and cultural aspects of life in the Province. That is when we changed the Toronto Art Gallery to the Art Gallery of

Ontario, in order that we would make it a province-wide institution which would thus warrant and merit greater support from the Provincial Government.

At that time Sam Zacks and Mrs. Zacks were personal friends of Mr. Moore's, and the whole idea of a Moore Gallery came into being. Sam Zacks came to see me, and from there the whole idea developed its own impetus, although I do feel myself that without Sam Zacks' constant persistence and his very close personal connection with Mr. Moore we might not be doing what we are doing today.

I am delighted, sir, to say thank you on behalf of the people of Ontario whom I used to represent, because these events did take place – at least, a great part of them took place during my term of office. We are all grateful to you.

We are delighted that you take such an interest in our City and our Province and in our Art Gallery. We are creating something here that will be a lasting memorial to you and to your art and to your genius. It will also be a long and lasting source of enjoyment, education and appreciation to our people in this Province.

I thank you Mr. Jackman, for giving me the opportunity of coming here today and expressing these few thoughts.

Mr. Moore, I hope your visit to Toronto will be pleasant; and I hope that you will be properly entertained, as I am sure you will. Our most sincere thanks to you.

MR. HENRY MOORE:

Thank you Mr. Robarts.

Before coming here I said I hoped I would not have to speak, because I think that sculptors and painters – it is not their job. But I cannot sit and just say nothing after the wonderfully warm welcome and the great friendliness that one feels.

I think this is now my third visit to Toronto. On the first occasion I felt such a warmth and natural friendship. And I felt I had been here before. There is something about Toronto that immediately made me feel at home. The second visit was the same. And here we are on the third one; and I feel just the same.

I would like to thank all of you – Mr. Robarts, Ed Bovey, Ayala Zacks, and of course if Sam were alive, him too, and everybody, for the kind welcome that you have given me.

Thank you all very much.

MR. JACKMAN:

Our principal speaker today is Edmund C. Bovey, immediate past president of the Art Gallery of Ontario. And when he is not engaged in the work connected with the Art Gallery he has a part-time job as President and Chief Executive Officer of the Northern and Central Gas Corporation.

To make a formal introduction of Ed Bovey to those of you here who are friends of the Gallery would be as equally unnecessary as to make an introduction to a group of financial and business executives who know him equally well.

As Chief Executive of the Northern and Central Gas Corporation for the past six years, he has been primarily responsible for changing that company from a small natural gas utility serving a few isolated towns in Northern Ontario into one of Canada's truly great corporations with interests in almost every province and supplying natural gas to a service area which includes almost one out of every four Canadians.

At a time when we hear more and more about foreign domination of our natural resource industries the creation of a truly great company which is Canadian in every way is certainly a remarkable achievement.

When the biographer of the late John David Rockefeller, the Standard Oil multi-millionaire was searching for a title for his book he entitled that biography "A Portrait in Oils". I think, ladies and gentlemen, that you will probably consider it inappropriate (particularly when I am going to be asking him to speak to you in about one minute's time) if I were to suggest that when the definitive biography of Edmund C. Bovey is written, it be entitled a portrait in some other petro-chemical substance.

But I will leave comparisons of John D. Rockfeller and Ed Bovey to history. I would simply like to pay tribute not only to Mr. Bovey but to our entire free enterprise system that men with his ability and intelligence can devote so much of their time and energy to providing the means whereby the cultural life of our community can be enriched for the enjoyment of us all.

His business accomplishments speak for themselves – a member of the Board of Governors of Seneca College, a director of the Toronto Symphony Orchestra; but most important of all to us here today, a trustee and immediate past president of the Art Gallery of Ontario.

I now have the great pleasure of presenting to you Mr. Edmund Bovey, who will speak to us on the subject "The Art Gallery of Ontario, Ontario's Great Asset".

MR. EDMUND C. BOVEY:

Mr. President, guests, ladies and gentlemen.

It is my great pleasure to share this head table and program today with such distinguished visitors. I apologize to all of you for taking advantage of this event to talk to you about my favourite subject, the Art Gallery of Ontario, as I am sure you would much rather hear more from either Mr. Moore or Mr. Robarts. But you were duly alerted in the advance notice of this luncheon that I would be speaking to you, so I assume since you are still here, that you intend to hear me out, regardless of the consequences.

It will be three years ago this coming January, that a number of us present today, attended a memorable dinner at the White Tower Restaurant in London to acknowledge Henry Moore's splendid gift to the Art Gallery of Ontario and the people of Ontario, in fact, the people of Canada. There was also another reason. Quite frankly, we wanted Premier Robarts to meet Henry, as the main condition of his gift was that the AGO would build an addition to house the many pieces of sculpture which we would receive. To do this, we needed provincial assistance, and as you all know by now, we have not been disappointed. The Province's generous grant of twelve million, seven hundred and fifty thousand dollars will make it possible to build, not only the Moore Wing, but also a very major expansion which will enable the Gallery to house the other magnificent collections we have since received – namely, the bequest of more than 500 works of 20th century art from Sam and Ayala Zacks, and the Charles Band, the J. S. McLean and Douglas Duncan collections.

All of these developments, along with John Robarts' deep understanding and appreciation of what was in store for the people of Ontario, served as important catalysts to make it possible for all of us to attend this luncheon, and for me to give you some of the highlights of a truly exciting story.

Mr. Moore is giving to the Art Gallery of Ontario, and to Canada, a priceless collection of his sculptures and drawings. But, and perhaps this is equally important, with the Henry Moore collection, and the other gifts that I have mentioned, we were given something additional; the much needed stimulus required to work towards enlarging the gallery's facilities, and to help bring to the AGO, the recognition it deserves; that is, an art gallery of international calibre and renown.

I feel it says a very great deal for Canada, and for the Art Gallery of Ontario in particular, that this famous artist should wish to entrust an important collection of his works to us, making our city one of the very few world locations where the creative genius of Mr. Moore may be viewed and studied under ideal conditions.

Ideal conditions, unfortunately, are precisely what the Art Gallery of Ontario has been less and less able to provide in its galleries and rooms which it has occupied for 60 of its 71 years of existence.

The Gallery, originally the Art Museum of Toronto, was actually founded in 1900, although it had no home whatsoever for 11 years, until Mrs. Goldwin Smith donated The Grange. The Art Museum was officially opened in 1913, and the first modest expansion was carried out in 1918, the year before the name was changed to the Art Gallery of Toronto.

Further expansions were carried out in 1924, again in 1926, and in 1935. Since then, no expansion has taken place, incredible as that may seem. I think it is no exaggeration to say that the Gallery, much as its friends regard it highly, has assumed a certain state of obsolescence. In short, it is straining at the seams.

On September 9th, Premier Davis officially "broke the ground" for the addition of extensive new facilities. This was especially significant, because it marked the actual start of an almost $18 million expansion program.

The $5 million needed to make up the balance between the Province's grant and the total cost of the project, is to be raised from the public. I am honoured to be the Chairman of the Capital Fund Campaign whose responsibility it is to raise this amount. I am pleased to advise you that we already have an important amount of our objective on hand as a result of advance gifts from trustees and corporations. In my role as chairman, it is my very great pleasure to be associated with the many distinguished citizens of Ontario who have volunteered their help.

The Capital Campaign is now underway, and I am confident we will be successful, because the people of Ontario are aware of the importance of the contribution which the AGO makes to the life of the Province. It is the first campaign of its kind conducted by the Gallery since 1935, and the amount we are expecting to raise should carry the Gallery through until the end of this century.

The new Gallery buildings, to be built in two phases, will be completed in 1975, providing five and a half times more space than is now available. This will mean not only more space for hanging pictures and displaying sculpture, but also much improved working facilities for receiving and shipping, education and extension; and for curatorial and executive staff.

Statistics, as we all well know, are both boring and suspect, and I do not propose to inflict any on you this afternoon; however, I would like to point out that the exhibitions organized by the Gallery in recent years have attracted astonishing numbers of people, not only from Toronto, but from other communities in the Province.

Such is the international standing of our Art Gallery, and the professional reputation of its staff, that private and public owners in many parts of the world have readily lent famous paintings, drawings and sculptures for such memorable exhibitions as “Rembrandt and His Pupils”, “Picasso and Man”, “Canaletto”, Henry Moore, Mondrian, Van Gogh, Delacroix, to name a few, which have been seen by nearly 400,000 visitors.

An example of leadership in the international art world is the exhibition of works now on view at the Gallery by Edouard Vuillard – a most important post-Impressionist artist.

The AGO initiated and organized this comprehensive and fully documented show, gathering examples of Vuillard’s work from all over the world. Being able to do this, is in my view, a good example of the reputation of the AGO as one of the world’s important art galleries, and as such should certainly be a source of pride to every Canadian. The Vuillard show will go from Toronto to San Francisco’s Palace of the Legion of Honour, and then on to the Chicago Art Institute. These prestigious museums have asked the AGO to make the exhibition available to them; yet another indication, surely, of the international status of our Art Gallery.

These notable exhibitions to which I have just referred, have certainly identified Toronto as a cultural centre.

The dividends which the lively and active Art Gallery of Ontario yields cannot, perhaps, be accurately measured in dollars and cents. Its value goes far beyond this. Of course, the visitors which it attracts to our city do spend significant sums of money here . . . so that the dividends are none the less real, tangible, and of great and growing importance to our community. They are, moreover, important to business and to industry; to you and to me personally, because the Art Gallery adds much to the amenities of life in our Province. More specifically, whether it is the executive at his desk, the engineer, lawyer, doctor or countless other men, women and children who all contribute to the fabric of our society, we all benefit from the presence on Dundas Street of this splendid store house with its imaginative appeal to our senses; a witness to much of our heritage, and, as I have said on another occasion, a mirror of the creative trends of our day.

There are many more reasons, as valid as any I have attempted to convey, why business and industry in this Province should wish to identify with the Art Gallery of Ontario. This can be done in many ways: by volunteering to serve on its various committees, by contributing to its campaign fund and by speaking for the Gallery where their voices command respect.

I think it must be recognized that, over the past few years, the modern corporation has evolved into a social as well as an economic institution. It has developed ideals and additional important responsibilities. It has become a full-fledged corporate citizen of the community, of the city and of the country.

Corporations are expected to meet certain standards of good citizenship. They are expected to initiate their share of socially responsible action and not merely respond submissively to outside forces. Corporate support of the arts, which until comparatively recently was of a relatively minor dollar and cents nature, has broadened to a much more active involvement. And there is growing evidence of this involvement.

In short, I feel that business now more realistically recognizes that what is good for the community is good for business – and good for the country.

If living and working in Ontario today is much fuller of interest and opportunity than it used to be ten, twenty or thirty years ago, some of the credit for the changes must go to the contribution which the Art Gallery of Ontario has made.

Toronto has a growing reputation as one of that international "club" of cities which exerts an attraction not only to tourists, but also to potentially new corporate citizens and new residents. London, Geneva, Rome, Paris, Madrid and Rio de Janeiro are members of the "club".

They all share one common feature – the excellence of their art galleries and museums. Can one think of Paris, for example, without the Louvre coming to mind? Or of Rome without thinking of the Capitoline Gallery? Madrid has the Prado and London, the Tate Gallery. The Art Gallery of Ontario, even with its limited facilities, has been to Toronto what these other galleries and museums are to the cities in which they are located; and it will become even more so with its expanded facilities.

I would like to give you, very briefly, some figures which will help to explain the very important work done by the Education and Extension Department of the Art Gallery, which serves many centres in Ontario outside of the city of Toronto.

In 1970-71, the AGO sent a wide range of circulating exhibitions to 123 communities throughout the province. These exhibitions were seen by approximately 1½-million people.

Every year, in addition, the audio visual library of the Education and Extension Department offers for loan a comprehensive collection of 23,000 colour slides, together with explanatory teaching portfolios to illustrate lectures and discussions in Ontario's schools, colleges and universities.

Together with this, many special programs, such as lectures in conjunction with exhibitions; tours; films; theatre; and evenings organized by universities and community colleges, are regularly arranged during the winter and spring.

The very considerable work of preparing these extension activities, of assembling and hanging the great series of exhibitions in the Gallery itself year after year, of caring for and displaying the Gallery's own permanent collections, is still going on in premises to which no addition has been made in over thirty years. Because of this, it has not been possible to show more than a fraction of the Gallery's collection at any one time.

We are now witnessing however, the start of a new era of vastly improved facilities. Premier Davis has broken new ground for the Gallery. The architects next month will call for tenders for construction of the new complex.

I cannot, in conclusion, resist the temptation to mention a cartoon I noticed in, I think, "Saturday Review", the other day.

Presenting his bill to a solitary diner in a corner off the crowded main restaurant of the Waldorf Astoria, the waiter tells him: "It appears, sir, that you have inadvertently been served the $200-a-plate dinner for the Republican candidate. . . ."

Yours, then, ladies and gentlemen, has been the $5 million lunch for the Art Gallery of Ontario!

Seriously, I regard your kind invitation to speak to you today about the Art Gallery of Ontario, its present and its future, as a very important indication that our campaign will experience the support from the people of Ontario which will make it an unqualified success.

Thank you.

Mr. Bovey was thanked on behalf of The Empire Club of Canada by Mr. Marvin Gelber.

EDITOR'S NOTE: Henry Moore, O.M., C.H., one of the *world's foremost living artists had recently donated to The Art Gallery of Ontario, a priceless collection of his sculptures and drawings. This magnificent gift coincided with generous bequests of works of art from the collections of the late Samuel Zacks, Charles Band, J. S. McLean and Douglas Duncan.*

To house these works of art, The Art Gallery of Ontario announced an $18-million addition to its present premises to be completed by 1975. This address coincided with the official sod-turning ceremony and the launching of a public campaign for the necessary funds.

OCTOBER 18, 1971

Where Are We Going?

AN ADDRESS BY

The Most Reverend
and Right Honourable
Arthur Michael Ramsey,
P.C., D.D., D.C.L., D.LITT.,
ARCHBISHOP OF CANTERBURY,
PRIMATE OF ALL ENGLAND

JOINT MEETING

The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN

Mr. Welburn J. Adams, President,
The Canadian Club of Toronto

The Chairman called on Mr. Henry N. R. Jackman, President of The Empire Club of Canada, to introduce the Guest of Honour.

MR. JACKMAN:

It is my privilege to introduce to you today the Archbishop of Canterbury – the 100th since St. Augustine came to England some 1,374 years ago, not long after the Romans had left England and just at the dawn of the Saxon era.

It would be impossible in many more minutes than those allowed me today to begin to mark the milestones and achievements in the life and work of our guest. A great scholar in a family of scholars, Regius Professor of Divinity at Cambridge, ex President of the Cambridge Union . . . a man of many honours.

In welcoming Your Grace, it is not, I am sure, necessary to remind this audience of the great debt which this country owes to what we call the Anglican Church. Perhaps I should add that this debt was not always so universally acknowledged as it is at present.

Speaking as one whose antecedents are almost pure rural Ontario Wesleyan Methodist, I am sure that my great-grandfather would turn over in his grave if he felt that his great-grandson would sit at the same table – let alone try to find something nice to say about an Archbishop of Canterbury.

As every Ontario schoolboy knows, the first fifty years of political struggle in this Province centred around the attempt to "establish" and then "disestablish" the Anglican Church, with all the attendant problems of education, clergy reserves, and the taxes on a pioneer farming community, which were felt necessary to support an Anglican episcopacy in a style that was then expected of an English bishop in the late 18th Century.

However, all this has now become simply a footnote to history – and what survives as part of the legacy which belongs to each and every one of us who have chosen to call ourselves Canadian is the debt which we all owe to the Anglican community. We are indebted for our oldest and finest educational institutions. We owe much for the generosity of the Church of England to its brethren in Canada, and for its unselfish noble army of missionaries. This nation will ever be mindful and ever grateful.

And now as we enter an age of increasing ecumenism – one becomes perhaps more conscious than ever of the well and mainsprings of our faith – and the prestige and historical significance of the Office which our distinguished guest now holds.

We are reminded of the words of that very great Canadian, The Reverend John Strachan, the first Bishop of Toronto, who once said:

> "We should begin to consider all the points about which we agree, instead of all the time contending about those on which we differ, for I believe that all who impartially study their own hearts would soon perceive that there is no true ground for division and animosity but much for unity and love".

It is in this spirit that our guest today has devoted his entire life. I have therefore the considerable honour in presenting to you the Most Rev. and Rt. Hon. Arthur Michael Ramsay, Lord Archbishop of Canterbury and Primate of All England.

THE MOST REV. AND RT. HON.
ARTHUR MICHAEL RAMSAY:

Mr. Chairman and friends. I thank you from my heart for the lovely welcome which you have given to me. It was eight years ago in August that I was once before the guest of the Canadian Club and the Empire Club. I am thrilled to be here again and thrilled to be the guest of these Clubs, thrilled to be in Canada and thrilled to be in Toronto.

You have spoken, sir, of the continuing growing together of Christian Churches and denominations, and that growing together increases every year.

I was touched by your generous words about the service given to Canada by the Anglican Church. Let me say with all my heart how much the world-wide Anglican Church gains from this Canadian portion which brings so much to us in the way of spiritual comradeship and spiritual leadership. Just now the Anglican Church in Canada is pioneering in seeing its way toward further achievements in the cause of Christian unity and whatever the outcome of those efforts may be immediately, they certainly have the ardent admiration and understanding and sympathy of Anglicans in other parts of the world.

Let me, before I come to my special subject, just say that I am certain that Canada has an immense deal to give in the coming days to the whole of our world problem. After all the Commonwealth, a thing that still means a great deal to many of us, the Commonwealth was in origin a Canadian idea. It was in Canada that the idea was first worked out – the family of diverse communities brought into a constitutional relationship with something at the centre but very big varities at the circumference, communities serving one another under a common umbrella. I am quite certain that history is right in saying that it was the working out of the Commonwealth idea on Canadian soil first that made possible the far wider working out of the Commonwealth idea to what originally we used to call the British Empire. If our country, the United Kingdom goes into Europe, as well it may to the great advantage of itself and of Europe, it will be more than ever necessary to keep alive the Commonwealth idea and Canada will go on helping and leading in that as she has done in the past.

I have chosen as the title of my talk: "Where are we going to?" by "we" I don't just mean Canadians or Englishmen or Anglicans or Wesleyan Methodists, I mean our human race. Where are we going to as a human race? In posing the question to you I try to imagine myself watching it all from another planet because what is happening to our human race and the planet we are on is certainly all very strange indeed. Where are we going to?

We are living in a time of vast material progress. Air travel: we are able to get about the globe more rapidly than might at one time have seemed possible. Radio and television: News travels around the globe in a matter of seconds. Do anything in Toronto and the rest of the world knows about it within seconds. Atomic power: The immense discovery and release of new forces that can be used for power in industry and can also be used, if we so wished, to blow civilization to pieces in a few hours. And then last but not least man travelling far beyond his own planet exploring the universe, invading the moon. What immense material progress is happening. It goes on happening and how dazzling it is.

And yet what frustrations we find ourselves in as a human race. Think of some of these frustrations. First affluence and poverty. In some parts of the world a very high and growing standard of living that can fairly be called wealth. In other parts of the world ghastly poverty, populations living below the real survival line as regards nutrition, actual starvation. I shall never forget having had a glimpse of that in the City of Calcutta with my own eyes some years ago. There is a frustration for us: The contrast of affluence and poverty and starvation all within the same human family, a human family that gets smaller and smaller in the ways we have been describing.

A second frustration: Pollution. I hear a lot about your concern for this in Canada. It is possible for us to exploit nature for certain immediate advantages in order to get this, that or the other done and in so doing to poison the air and to poison the water and to invent new hazards for the life of our descendants. Pollution is a very terrible problem. In exploiting the earth we are introducing poison for ourselves and our descendants.

A third frustration: The risks of war. We know nowadays that if a war starts on a big scale it rapidly becomes a conflagration because weapons that lie at hand are weapons equally for the destruction of foes and for the destruction of oneself and no one wants war; certainly no man or woman or child as a man or woman or child wants war. I believe also that no country wants war because every country knows that war can mean its own destruction as rapidly as the destruction and the gaining power over anybody else. As long as terrible weapons of war exist the risk is at least there and again and again the attempts to eliminate the risk by agreed disarmament seem to fail.

Another great frustration: The problem of race. That is a problem that seems year by year to become more formidable and more tragic. The supremacy of white races had a long history and it is not surprising that black races emerging in knowledge and power and self consciousness are not willing to go on tolerating white supremacy. Of course it is not surprising that we find black races saying to themselves "Well, those white people often used violence and war and revolution to overthrow tyranny and to achieve their own progress. They overthrew the French aristocracy in the French Revolution and they overthrew Napoleon and they overthrew Hitler and why should they be so shocked when we try to overthrow those whom we regard as tyrants". It is possible for us indeed to say that it is hard to see how revolutionary violence can achieve anything at all except the most horrible suffering. Perhaps first of all for those it is designed to help. We can say that and say it truly yet at the same time we must understand the feelings, the feelings and motives that lie behind some of the ideas about violence today, however terrible the outcome might be.

Then one third frustration: While knowledge has grown so greatly and prosperity in our western civilization what about reality? What about crime and violence and the sort of ruthless greed and selfishness that leads to crime and violence? Isn't the most serious aspect of the moral situation the undermining of the family, the undermining of marriage and the family, because in Christian civilization marriage and the family has been so much the place of moral security and moral wholesomeness and influence in the community and it is when marriage and the family are undermined that so much else that is good is undermined as well.

Well, where are we going? Where are we going?

I described some of the great frustrations that exist in our world and yet while we are all conscious of these frustrations and there is no country in the world however Christian, however prosperous, however happy that does not encounter them in one way or the other, is it not true that while we are all conscious of these frustrations we are also conscious of the many signs of the innate goodness of men and women and children and this can be said of every country in the world and every race in the world. What goodness, what kind heartedness, what care for people there is. So often it happens that people of the utmost goodness and kindness in their own personal realtions are somehow caught into a kind of cosmic situation of frustration and indeed wrong that they are not able to surmount or to overcome.

So then where are we going? Well, when humanity wants to know where it is going it asks its guides and philosophers to tell us. There are plenty of guides and philosophers ready to tell us which way we should go. Let me mention two or three of them.

Well first there is the communist system. I have no doubt that the Marxist communist believes that they have a philosophy which is a kind of recipe for human troubles achieving what they call the classless society. Well, I only make one comment on the communist philosophy and system and it is this: By rejecting God on principle, and their philosophy is intrinsically materialistic and atheistict, by rejecting God on principle they reject equally the ultimate worth and dignity of the individual man and woman, not believing that the individual man and woman has a supreme irreducible worth and dignity through being God's creature and through being an heir of eternity, the individual man and woman is regarded as subordinate to the State, subordinate to the system, and if the State or the system calls for the sacrificing of the individual very well then the individual can be got out of the way with the utmost ruthlessness and no regard for his sanctity in order that the system may go on.

I think that in saying that I am putting my finger on the deep weakness and wrongness of communism as a philosophy and its total inadequacy to give an answer to the human predicament because it is based on a radical non-understanding of the essential position, meaning and dignity of man himself.

Now let me refer to another philosopher who claims to point the way and this is a philosopher of a very different kind, one who has an honoured place within our own human western civilization. I mean the scientific humanist. I refer to him with great respect because as a Christian, I would say that I share with the scientific humanist a great regard for man, for human dignity, for human worth and human freedom and I believe that Christians and scientific humanists have much in common in terms of their belief in the dignity of man and the service of mankind. But we part company on this. The scientific humanist believes that if the knowledge of the sciences develops as it should and if all the sciences duly developed are applied to human affairs in the right way then the human race can be made a more progressive, better organized, more comfortable, more happy and indeed more moral as well. The scientific humanist will reject religion, religious dimension altogether as being an unnecessary drag upon the rightful scientific progress which of itself can put the human race to rights.

My criticism of that philosophy is this: that the evidence seems to show that the human race can become increasingly advanced in the knowledge of the sciences and the application of the sciences to human affairs but can still go on being proud and selfish and cruel and insensitive and the tragic thing is that in the century in which the sciences have made the most stupendous strides we have also seen the most terrible reactions in mass hysterical cruelty and selfishness. My criticism here would be that the diagnosis does not go deep enough, that the trouble with man is not just that he is not sufficiently progressive or scientifically enlightened, but that man is too deeply estranged from his Creator and needs to be reconciled to his Creator in awe and humility to be cured of his deep pride and selfishness.

I recall the words of the prophet: "What doth the Lord thy God require of thee but to do justly and to love mercy and to walk humbly with thy God" . . . do justly, love mercy, walk humbly with thy God. It is the Christian emphasis, the emphasis of the Jewish-Christian tradition upon the last of those phrases "walk humbly with thy God" which we believe to be the key to the whole.

Well, our communist philosopher seems to lead us, to point to an alley that is very blind indeed. Indeed an evil one. The scientific humanist seems to me to point to an alley that doesn't have the right diagnosis of the problem of where we want to get from and where we want to get to. So I come to the Christian philosopher and want to hear what the Christian philosopher has to say about it.

The Canadian Club and the Empire Club don't include sermons in their curriculum and you are not going to thank me if I provide you with one; but I am not going to provide you with one. I am just going to provide you with a thought or two about the Christian diagnosis of the human predicament.

Now it is often said that the main Christian issue is the issue of love versus selfishness and I think that that fundamentally stands. It is love versus selfishness that is the problem for every human being and therefore the problem for the whole human race. Having said that I would go on and say that I believe in the present human predicament the really immediate point is not about love versus selfishness so much as about fear and power. I believe that the problem of power is the intractable human problem at the moment and the question of fear is the spiritual problem that goes with it.

Our human race is so frustrated because we are a human race that is afraid and human fears are, I believe, largely fears about power, about having it or about not having it. Those who have power on the human scene, economic or political or personal, or the power of a nation or a class or a group, are frightened, frightened that they may be going to lose their power. The people who have not got any power are frightened of those who have power and are thus kept in a kind of half conscious tremble. I believe that that is so.

Take race. Races that are on top are frightened that the other race might come on top instead and have its revenge. Nations are frightened of losing their power to other nations. Groups, classes, trade unions, anybody who enjoys power is frightened of losing it and it is the complex of power and fear, fear and power, that I believe lies at the bottom of our human frustration and here I believe that the Christian message and thesis is not only a message about love, as sermon after sermon has said in the past quite rightly, but the Christian message is also a message about power.

Sovereign power ultimately belongs to God alone but God in the design of the creation has allowed to man a certain limited power. Man has under God a wonderful power over nature, over all the earth's resources, man has the power to use the world and exploit the world but always on two conditions: One that he remembers that God's sovereign power is over him and his own power is not ultimate and when he dies it will be stripped from him altogether. Second, the proviso that man exists to use his power not for the aggrandizement of a particular nation or race or group or individual but in mutual unselfish service and that is the true conception of power. Alas through the centuries man has come to use power, enjoying it, forgetting it is all subject to God's ultimate power and forgetting that he has his power not as a freehold but something on loan, something lent to him to use under God for mutual benefit of the human community. It is the distortion of power and the assumption that we all have unlimited spheres of power belonging to ourselves that is the great disease and the root of our trouble and because the human race has distorted its use of power by treating it as ultimate and not as leasehold from the Creator. Instead of ruling the world and its processes we have largely come to be ruled and governed by them. Men are meant to control things for the mutual benefit of mankind and for the glory of God but through missing the point about power men have come to be ruled by things instead of ruling them and so it is that we are in the grips of forces, including economic forces, that we do not know how to control and we are being swept along by them when we like to suppose that we are really ruling them.

The Christian message, and I haven't time to develop it further, is a message not only about love and unselfishness it is also a message about power and about fear and we get back to the true belief in the power of God and in the kind of power of which Christ said to the Apostles "The rulers of the Gentiles lord it over them but it shall not be so with you".

I am almost at the end but I want to add this. I suppose that we in this gathering are on the whole a rather elderly lot and that means that fortunately the answer to all this is not going to lie with us. It is going to lie increasingly with the up and coming younger generation and I want to end with just a word or two about the up and coming younger generation, those who the newspaper and textbooks describe as youth with a capital Y – and how they must hate it.

Well, there are so many generalizations about youth and youth are very, very much maligned. No doubt the now young generation can be criticized just as our generation can be criticized in turn. I only want to note three things that I believe are really true and important about the people we call the young generation.

First of all is this: That they won't take things on authority just because they have been handed down and because they have been told. No. They will take things they discover to be true from their own experience and we just have to face the fact that that is so. The upshot is that when it comes to Christianity young people don't take Christianity as a traditional thing handed down to them, especially if it is put to them in a negative form of you mustn't do this and you mustn't do that. I believe that young people can respond wonderfully to Christianity if it is put to them as an exciting adventure, serving God and serving humanity in ways that they are going to discover for themselves. Let them have their adventure and bless them with it.

The second thing that I haven't the slightest doubt is true amongst young people, it is true in England and I haven't the slightest doubt it is true in Canada and most other countries: There is in young people an intense care about human suffering and the desire to serve those who suffer and to care for them and to help in heart breaking human situations. I believe that the young people today have that sense far, far more than young people had when I was one myself and that is a very great quality and a great ground of hopefulness for the future. In religious terms they will understand Christianity only if there is a strong emphasis on the practical outcome of religion, practical service: The second great commandment of love and service to their neighbour.

The third characteristic of the young I am sure is this: They don't like institutions, religious institutions or other institutions. When some of them say to me, as they sometimes do say to me "We are ready for Christianity. We are ready to follow Jesus Christ but we think poorly of your institution that professes to represent Christianity in the world". My answer is "Very well. Do it in your own way. Do it in your own way but make sure that it is Christianity and make sure that you do it better and not worse than the way in which we are trying to do it". So they are challenged to live up to their own ideal, the ideal that they are stating.

The quest of freedom has itself a big question mark and dilemma. We all love freedom and the new up and coming generation have a particularly strong love for freedom and it is the right kind of love to have; but it is all too easy to think that freedom means freedom to do just what we like and that is a blind alley concept of freedom because if people think of freedom to do just what they like they get entangled in knots and end up doing not what they like at all. We need a deeper sense of freedom and that freedom does not mean doing what we like. Freedom means freedom to become what we are meant to become. Freedom to become what we are meant to become. That is a deep freedom that can only come from the consistent disciplined pursuit of great and high ideals and that is the kind of freedom which the human race all so badly needs.

Now I am really going to close. My final remark is this:

We have been talking cheerfully about the older and the younger and we like to think that the world has existed for a very long time and that we ourselves know a great deal about its management having had what we choose to call long, long years of experience, but in the millennia that may lie ahead in the Creator's purpose the world may still fortunately be very young indeed and we are not as clever or as knowing as we think we are, any of us. We are as a human race still a young and very immature human race who have made a few bad shots at running the planet on which we live and if we only realize our immaturity in a humble enough spirit, there is no reason why we should not in the future learn by God's help to make a far, far better job of it than we have been making heretofore.

Dr. Ramsey was thanked on behalf of the joint meeting by the Chairman, Mr. W. J. Adams, President of the Canadian Club of Toronto.

OCTOBER 28, 1971

Canada at the Crossroads

AN ADDRESS BY

The Honourable
Robert L. Stanfield,
P.C., Q.C., M.P., LL.D.,
LEADER OF THE NATIONAL PROGRESSIVE
CONSERVATIVE PARTY AND LEADER
OF THE OPPOSITION

CHAIRMAN

The President,
Henry N. R. Jackman

MR. JACKMAN:

The Leader of Her Majesty's Loyal Opposition occupies a position in our British parliamentary form of government which is unique in any democratic society. It is a position which ranks second in importance only to that of the Prime Minister. He must be prepared, at any time, to take over the reins of Government, either as a result of an election, or as a result of a defeat of the Government in the House of Commons.

Although Robert Stanfield has tasted power in his own native Province of Nova Scotia, he is no stranger to the role of Opposition Leader.

After a distinguished academic record, which took him through Dalhousie and Harvard Law Schools, where he was a top honours student, he was elected Leader of the Nova Scotia Conservative Party, at the tender age of 34, a time when his Party had no seats in the Legislature and appeared headed for oblivion.

In 1956, overcoming all adversity, he was elected

Premier of his Province, a position to which he was reelected to three times, with ever increasing majorities. He occupied that position with great distinction until 1967, when he was elected National Leader of the Progressive Conservative Party.

His career since that time is familiar to you all, and in the contemporary politics of today he has been pitted against Pierre Elliott Trudeau, who some consider to be one of the most colourful and flamboyant political personalities of our age.

In comparing the character of Robert Stanfield with Pierre Trudeau, one is reminded of the comment which one columnist made after the '68 Election.

The story goes that Bob Stanfield and Pierre Trudeau were walking down the street together, and on one side of the road was a destitute widow with four small children, and on the other side of the road was a beautiful blonde in a mini skirt. It is suggested that Bob Stanfield would instinctively show sympathy and concern for the widow and her small children. I will leave it up to the imagination of the audience to guess which of the two women our Prime Minister would go for.

Perhaps the most interesting thing about this story is, that it is not entirely clear whether the incident is supposed to be flattering to Mr. Stanfield. It all depends on your priorities and which of the two reactions you feel best typifies an appropriate style of life.

One recalls what was said of the late Jimmy Walker, who some of you may remember as being the flamboyant Mayor of New York City during that permissive champagne era of the Roaring 20's. It was said that New Yorkers wore Jimmy Walker like a flower in their buttonhole, as in that gay prohibition era he typified that style which Americans felt best represented them. But, when the cold winds of the 1930's blew, New Yorkers turned up their collars and threw away their boutonnieres and began to feel that politics and government was once again a most serious business, and that the *style* in which something was done was not really as important as *what* was done.

So, if the wheel of fortune turns and Robert Stanfield is called upon to serve his country, there can be no doubt that his training, his intelligence, but most important of all – his integrity and his humanity, will bring to this high office a man well suited to serve.

For this reason I have the great honour to present to you the Honourable Robert Lorne Stanfield, National Leader of the Progressive Conservative Party and Leader of Her Majesty's Loyal Opposition.

THE HON. ROBERT L. STANFIELD:

Canada at the crossroads. That is a rather provocative title for a speech. But I don't think it exaggerates the importance of the challenge that faces us as we approach 1972.

What are the problems that concern us today?

Any Canadian could make up a list that would include mass unemployment, relationships with the United States and other countries, the difficulties of your export industries, inflation, business uncertainty and the need for an equitable and forward-looking system of taxation. And you will notice that I haven't even included matters such as pollution, the preservation of our environment and all the problems relating to the quality of life which will seriously affect the whole future of our country.

Today, however, my concern is primarily with economic problems. The economy isn't everything. But it is only if we have a healthy economy that we can hope to attack in any meaningful way the problems associated with the quality of our life and our environment.

I think we can sum up the economic challenge that faces us in one question. What is the direction in which our economy must go if it is to provide our workers with jobs, our children with opportunities and our people with an acceptable standard of living?

That is the fundamental question we must answer.

It is a question that is especially urgent now. We are in a pivotal situation, and that situation has two aspects both of which we must consider closely.

The first of these concerns the place of Canada in the world today. The second involves the direction in which our economy is heading here at home.

These are both major subjects. And while I shall not ignore the internal challenge, I want to put my emphasis today on the first question – that of Canada's place in the world.

I do not intend to go over the events of the past 2½ months following the announcement of President Nixon's new Economic Policy. The facts are clear. The Nixon package, including the surtax, the DISC programme and the other tax relief proposals for U.S. industry together constitute a severe threat to the Canadian economy, and particularly to that branch of it that is concerned with the production and export of manufactured goods to the United States.

There is surely no need to stress the dangerous situation in which we have been placed. When a country derives one-quarter of its Gross National Product from foreign trade, does two-thirds of that business with one other country, and sends more than four-fifths of its manufactured exports to that same country, it is obviously in trouble when that country decides to curtail imports.

In the past, we have been cushioned against the full impact of United States trading decisions. It was assumed in Ottawa that our two countries were involved in a very special relationship. And Washington very often acted as though this were the case. So, even though we occasionally complained that we were being taken for granted, we lived with the comfortable feeling that, regardless of what else might happen, the United States would always consider our interests as well as its own.

It was a comfortable assumption. But, as we now see, it was false. Our past complacency blinded us to the fact that we are not only as vulnerable as others to American actions. We are the most vulnerable of all.

Far from being given special consideration, it is obvious now that Canada is out in the cold as far as a special privileged relationship with the United States is concerned. In fact, seldom in recent times have relationships between our two countries been cooler than they are at present.

We may all have our own ideas as to where the blame for that situation may lie. I would simply say here that it is one thing to negotiate firmly with the United States about matters of substance in which our interests may diverge from theirs. It is quite another thing for Canada to give the impression that it is going out of its way to insult a good friend and neighbour.

It is perfectly legitimate, for example, for Canada to improve its relations with the Soviet Union. It is inappropriate – it is stupid – for Canadian spokesmen to use a Soviet platform or to encourage Soviet leaders to use a Canadian platform, to attack the United States.

The sheer closeness of our two countries and the intensity of our mutual interaction combined with the disparity between us in terms of wealth and power – all these things guarantee there will be problems in U.S.-Canadian relations without anybody having to do anything to deliberately worsen the situation. To do so is to act irresponsibly toward the people of Canada.

I am emphatically not saying that we have to toady to the United States or to any other government. There are times when we must express our disagreement and express it clearly. And one of these times is right now, in connection with the Amchitka nuclear test.

I am by no means downgrading the other tests that have been made recently by the Soviet Union and China. It would be hyprocrisy to denounce one and not the others. But beyond the moral question, the Amchitka blast is of immediate concern not only to Canadians on the West Coast, but also to all Canadians who are concerned with the environment. I think therefore we have the right as well as the duty to make our opinions heard.

I welcome new Canadian initiatives in international affairs. I welcome them as long as they involve some substantial results as well as colourful style.

There is nothing wrong with an independent stance by this country. But I would suggest that any government that wants to display its independence by loose talk and lecturing should have some idea as to what the consequences of its actions might be, and some contingency plan for coping with those consequences.

I would further suggest that there is little to be gained and a good deal to be lost if we give the impression of thumbing our nose at old friendships while we are in the process of looking for new ones.

To the extent that any government does this, in spite of all the apparent movement it is losing ground for its people, not gaining it.

I regret to say that this is precisely what has been happening to Canada in recent years.

To my mind, that is a reckless way to run a foreign policy.

The simple fact is that Canadians and Americans have to live together and cooperate with each other on this continent. We cannot afford to be at daggers drawn. Such a situation would be uncomfortable for the Americans. It would be tragic for us.

The fact is too that right this minute we are living through a difficult and potentially dangerous period in our relations with the United States.

What must we do? There is no easy answer.

I have been calling for some time – it goes back to 1968 – for a greater effort to diversify our foreign trade. I continue to call for such efforts. And these must include serious negotiations with individual countries and with groupings such as the European Economic Community. Every step we take to diversify our trade is a step in the right direction. Everything we can do to buy from and sell goods to the widest variety of countries is a strengthening of our own position.

But let us be realistic too. Let us understand that, given the facts of power, of geography and of history, we are intimately and inevitably linked with the United States.

We can and we must retain our political independence. We can and we must determine our own economic, cultural and social priorities. But we can do this and we must do this in the context of a continent where the dominant country is the United States.

In other words, we can and we must develop policies that are pro-Canadian without being anti-American.

There are some people around who tell us this cannot be done. There are some people in Canada who claim that the only way we can assert ourselves in Canada is to put someone else down.

If that were true, it would be a sad commentary on Canada and on Canadians.

I have nothing but contempt for that position.

I have contempt for it because it is the same thing as saying that we Canadians have nothing worth preserving in our own right.

I have contempt for it because such a negative position is completely unworthy of a nation such as ours.

I have contempt for that position because it is an insult to Canada.

To me, Canadian nationalism is a positive thing. It means pride in what we have achieved rather than disparagement of others.

It means a recognition of the challenge we have to build on our past traditions to create a society of tolerance, mutual understanding and enthusiastic co-operation between those of different languages, different backgrounds and different cultures.

It means our right to set our own priorities in the fields of economic, social, cultural and environmental development for the good of our citizens today and our children tomorrow.

It has been said that what matters most are a people's knowledge that they have done great things in the past and their hope to do greater in the future. We in Canada have accomplished great things in knitting together half a continent. And we are capable of doing much more. We have a common destiny, and our challenge is to fulfill that destiny.

That is what Canadian nationalism means to me. And in that sense I am proud to be a Canadian nationalist.

And that is why I am so concerned about what we as Canadians must do to ensure the survival of our country.

The Prime Minister said a couple of weeks ago that we have a wide choice of options in our future relations with the United States – all the way from total war to total integration with the United States.

He didn't mention the obvious fact that either one of these extremes would mean the disappearance of Canada. But in my case, as far as I am concerned, the reasoned range of choice is much narrower.

There are at least two things that we must preserve and enhance. One is economic prosperity, the other is national independence. Neither can be ignored. Nationalism is an empty slogan unless it is based on a healthy economy. For its part, prosperity must be tied to a national dream.

We have built up in Canada traditions and a way of life that are worth preserving. We are working out a quality of life which, hopefully, will be uniquely Canadian as well as North American in its characteristics. We are a different people from the Americans, and we intend to remain so.

That is our challenge: To balance these two priorities, prosperity and independence, in a way to maximize them both; to live in dignity and friendship with our American neighbours and with the rest of the world. To do all these things, we must now at least turn our minds to the task of working out our relationships, and especially our economic relationships, with the United States and with other countries with whom we are tied by friendship, by tradition, or by trade. For too long, we have simply been drifting. It is time to choose our direction.

There is no magic formula. There never has been, although at one time things were simpler.

At one time, we were the pivot in the so-called North Atlantic triangle, involved in a unique three-way relationship with Britain and the United States. That triangle has become a much more complicated figure, and our part has shrunk in proportion.

At one time, we were the eldest daughter of a Commonwealth family that was a major force in world affairs.

The Commonwealth is still important. But we would be deluding ourselves if we thought that we could today exclusively define ourselves either economically or politically in that institution.

At one time, in the 1930s and before, the National Policy made some sense for a country that was building up its industry on the basis of a combined programme of high tariffs and Empire Preference. That day has clearly gone.

We are now in a world of large-scale industry requiring huge markets for its products. We are now in a world of trading blocs competing with each other for control of those markets. And it is a lonely world for us because we have no automatic allies in the trade battles that are being waged.

And, of course, our own self-contained market is far short in numbers of what is required to support a highly developed manufacturing sector. We have passed the point of being able to muddle through – we have to make some very serious decisions if we are to support our own industry.

You may well ask how we managed to get into this position. I believe that we have drifted into it because of a complacent feeling on the part of government that we needn't have any long-term policies or that some vague form of multilateralism was enough. But whatever the reason, and whatever the excuses that may be given, that is the position we are in.

With reference to our immediate problem with the United States, I suggested last August, and I suggest here today that it would have been appropriate – and it still would be appropriate – for the Prime Minister of Canada to deal personally with the President of the United States. It isn't a matter of going cap in hand to beg for pity. It's a matter of telling Mr. Nixon what he obviously doesn't know, and that is that Canada is the United States' best customer and best supplier both. It's a matter of telling him that it is in the interest of both our countries to have a healthy flow of trade. It's a matter of telling him that while we shall be hurt more by any drastic cutback, there will be serious repercussions in parts of his own country too.

There is room for personal diplomacy. There is also room – more than that, there is an urgent need – for the development of long-term policies in connection with our relations with the United States and with other countries.

The Government has told us that it is seriously considering this question right now. I believe that this problem is too fundamental to be settled on an ad hoc basis in any backroom in Ottawa. This discussion should involve all interested Canadians. It should be the subject right now of a great public debate. All opinions should be heard, and the results should not be taken for granted. This does not mean any abdication of leadership. On the contrary, the political leaders of Canada should, from the start, take a most active part in such a debate.

My own approach, as I hope I have made clear, is to strike a realistic balance between political independence and economic co-operation. This must involve the elaboration of a long-term Canadian industrial strategy. First, we must determine the areas of manufacturing where we have the greatest potential advantage in continental and other international trade. Then we must work to encourage those areas, and especially those involving secondary manufacturing where the fight against unemployment will, in the last analysis, be won or lost. It may be that the major weapon in this strategy will be tax incentives. Perhaps we shall find others. But it will have to be a strategy, not imposed by government on the economy, but one that is worked out in co-operation with business and with labour.

Above all, we must remember that whatever success we have in the realm of international trade will depend on the success of our internal economic structures.

That is why, if Canada is at the crossroads in international trade, it could also be at the crossroads in terms of the whole thrust of its economic policies.

We have reached a point where we must decide whether our first priority must be government activity or whether it must be on individual incentive; individual effort and individual imagination to promote the healthy growth of our economy.

Either we rely on individual and group initiative to provide the thrust for our economy or we don't. If we believe this – and I do – then we must encourage it.

I believe that the emphasis must now be placed on individual incentive. I am not going to downgrade the importance of government activity in this complex and interrelated world. But there comes a time and there comes a place where government must realize its own limitations.

Big government will not disappear. That is obvious. But there must be a realization that the purpose of any government, large or small, must be to serve the people, not to serve itself.

It is not the function of government to stifle initiative; it is its function to encourage initiative.

It is not the function of government to do away with the incentives that encourage people to contribute to the economy. It is the function of government to make sure that incentives work.

Above all, it isn't the function of government to become the major growth industry of the nation. It is the function of government to encourage balanced economic growth throughout the economy. If a government cannot achieve that, whatever its political stripe, it is worthless, and it should be replaced.

The major ingredient in internal economic development as well as in external economic co-operation, is confidence. If there is no confidence within, the result is stagnation, inflation and uncertainty. Without confidence outside, the result is confusion, mistrust and loss of trade possibilities.

Beyond all the other challenges of which I have been speaking, there is one that goes to the heart of the matter; That is the challenge of confidence. Confidence in oneself; confidence in the society, confidence in the government and in the men who run it. That is the challenge of our day; and it is up to Canada to rise to that challenge as she never has before. The stakes are too high to do otherwise.

Mr. Stanfield was thanked on behalf of The Empire Club of Canada by Mr. Winfield McKay.

EDITOR'S NOTE: The United States of America, which traditionally had a surplus on its international trading account, for the first time in almost a century showed a deficit in 1970. Their overall balance of payments deficit was aggravated by the large export of U.S. dollars to foreign countries in the form of direct investment, foreign aid and defence expenditures. The resulting rapid buildup of U.S. dollars in the hands of foreign central banks represented a threat to the world monetary system, which was based on the U.S. dollar as the principal reserve currency.

In August of 1971, the United States imposed a 10% surcharge on a wide range of imports, allowed its own currency to float free from gold, and imposed a wage and price freeze designed to curb domestic inflation and make American exports more competitive. President Nixon's "new economic policy" was designed in part to effect an upward *revaluation in world currencies against the U.S. dollar.*

Canada, on the other hand, which normally had a trading deficit with the United States, experienced in 1970 a huge surplus of $1.3 billion largely resulting from the benefits of the automotive agreement, increased export of oil, natural resources and manufactured goods. Canada's foreign exchange reserves increased accordingly. With approximately one quarter of Canada's Gross National Product resulting from foreign trade, two-thirds of which was with the U.S.A., the American initiatives, particularly the 10% import surcharge, caused a great deal of concern among Canadians. Relations between the two countries became strained.

The Government took the position that Canada should have been granted a blanket exemption from the surcharges on the ground that Canada's dollar was already floating and in line with the U.S. dollar; that Canada had not raised tariff barriers against U.S. goods; and that the high degree of integration between the two countries made Canada's case unique. A ministerial delegation unsuccessfully pressed these points with Washington.

At the time of this speech the Government's popularity according to the Gallup poll was at its lowest ebb since the 1968 General Elections, and the Progressive Conservatives, and their Leader, appeared to be on the ascendancy. Many observers felt that Prime Minister Trudeau's diplomatic initiatives with Communist Countries, the diplomatic recognition of the People's Republic of China and the official visit of Premier Kosygin of Russia to Canada only the week before, unnecessarily aggravated the difficult negotiations which were taking place between Canada and the United States.

Six days after this speech was given, the Progressive Conservatives moved a motion of censure against the Government over the handling of our relations with the United States.

Fully eight of the addresses in this volume deal with *some aspect of Canadian-American relations. Mr. Stanfield's views on this subject are followed by the addresses of Mr. David Lewis, M.P. (page 60) and the Honourable John Turner (page 71) who represent the views of the two other major political parties. The American balance of payments difficulties and the consequent effect on U.S.-Canadian economic relationships are discussed from the American point of view by Dr. Pierre Rinfret (page 106) and Mr. David Rockefeller (page 124), and from the Canadian point of view by Mr. Earle McLaughlin (page 344). The difficult question of U.S. control of the Canadian economy is dealt with by Messrs. Jack McClelland and Robert MacIntosh (page 205) and Mr. Peter Newman (page 229) as well as by the other speakers mentioned above.*

See also Editor's notes on page 136 and page 227.

NOVEMBER 4, 1971

Nixonomics and Canadian Independence

AN ADDRESS BY David Lewis, Q.C., M.P.,
LEADER OF THE NEW DEMOCRATIC PARTY OF CANADA

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

It is customary at Empire Club luncheons when introducing a business or financial tycoon, to suggest that the speaker has come from humble origins and describe how he has built a great industrial empire with nothing save his bare hands, his own initiative, and an abiding faith in the free enterprise system. Our speaker today has some of those characteristics. He has come from modest beginnings and he has certainly been directly responsible for building a great organization – but he has done something far more important than achieving business success – he, perhaps more than any single person, has been responsible for founding a great political movement which today represents the aspirations of millions of Canadians.

David Lewis came to this country from war torn Eastern Europe, when he was but twelve years old – not knowing how to speak English and facing those other handicaps that so many new Canadians experience when they first come to Canada. He taught himself both English and French, completed high school within three years, and went on to receive a scholarship to McGill University. On graduation he applied for a Rhodes Scholarship.

The story of his oral examination for the Rhodes has often been told, for it brought forth a confrontation between young David and a Goliath of his time, Sir Edward Beatty, one of the examiners and the then President of the Canadian Pacific Railway. When asked by Sir Edward what would be his first move when elected Prime Minister, our guest replied, "I would nationalize the CPR". The story does credit to both men, as David Lewis won the scholarship. If Sir Edward were still with us, I am sure he would not be displeased with the result. David Lewis is still not yet Prime Minister and the CPR is still in private hands.

Returning to Canada from Oxford he immersed himself in socialist politics, becoming full-time Secretary of the CCF and subsequently becoming his Party's Vice-Chairman, Chairman and President.

He also achieved an enviable reputation as a lawyer and a Queen's Counsel. He is generally acknowledged to be one of Canada's ablest labour lawyers.

Frequently a candidate for public office, he suffered his share of defeats, in those early days, but ultimately achieved success when he was elected to the Federal House of Commons for York South in 1962. Defeated in 1963, he persevered and in 1965 he won his seat back and has been re-elected with increasing majorities ever since. By 1969, with the imminent retirement of the Honourable T. C. Douglas as Leader of the NDP, his Party turned to our guest as the logical choice to lead them in the years ahead.

Although the New Democratic Party and its predecessors have had their ups and downs in the last 30 years, there can be no doubt that if one analyses the election returns their Party, particularly since our speaker became its Leader, has gained increasing acceptance from Canadians in all walks of life and in all regions of our country. It is generally considered that in relation to their numbers the NDP has the most effective parliamentary group in the

House of Commons. They now form the Government in Manitoba and Saskatchewan, and while many observers feel that the recent Ontario election was a setback, the fact still remains that they increased their share of the popular vote and showed surprising strength in areas which heretofore had been considered the preserve of the older Parties.

I mention this simply to show that under David Lewis the New Democratic Party is positioned to take a greater role in Canada's political life than it ever has been before. For this reason it is incumbent on all of us to carefully appraise their policies and their leadership.

I have, therefore, the great honour to present to you David Lewis, Q.C., M.P., National Leader of the New Democratic Party.

MR. DAVID LEWIS:

I understand that a week ago you had as your guest the leader of the Progressive Conservative Party and that the audience warmly approved and applauded his pronouncements. This aroused my envy and I began to look for a subject on which *my* ideas might also evoke enthusiastic support from this distinguished audience. Alas, and by definition, this did not appear as easy for me as for Mr. Stanfield. I could, of course, have talked pompously about virtue or wistfully about sex and win your approval for arguing that the two are not incompatible but the American import surtax grinned evilly and romance fled. In any case, I know that you invited me to hear *my* views, having some idea what they are likely to be, and that you would respect my expressing them frankly and strongly, as is my habit.

The state of the economy is particularly at the centre of Canadian consciousness today. We are worried about it in the short run but we have urgent reason to be concerned about its long-range prospects as well. This not because of any lack of resources or manpower or needs in Canada but because of serious dislocations in our trade patterns, caused and likely to be caused by the protectionist policies of the American administration and the entry by Britain into the European Economic Community.

Let us be clear about one thing. Our serious unemployment today is not the result of American policies. No doubt they will have an effect later, as the months go by. But the September unemployment figures at 7.1% on a seasonally adjusted basis, – the highest in ten years for that month – were the result of the government's domestic policies. The Nixon ten per cent surtax announced only one month earlier could not have had much effect. Hence, the disastrous unemployment from which we have suffered for two years was created by the government deliberately slowing down the economy in a vain quest for alleged price stability. The result is a bitter one: Unemployment we have; price stability we have not. True, there was some easing of the pressure on prices toward the end of last year. But that came from unpegging the Canadian dollar which floated its price up some 6% or more and thus reduced the cost of our imports. This did slow down the rate of increase in the Consumer Price Index for a short while but after a few months prices began to go up again.

You will recall that just before last Christmas the Prime Minister blithely announced that the problem of inflation had been licked. Since then, he has had to eat those words. Indeed, the government has been forced to live on a continuous diet of mistaken forecasts and pollyanna assurances which were regurgitated almost as soon as they were pronounced. I would have enjoyed watching the government's indigestion with glee, were it not for the fact that Canada's economy and the Canadian people suffered unnecessarily.

I hope we have all learned that creating unemployment is no longer effective as a policy against the dangers of inflation unless one is prepared to accept such massive levels of unemployment as to court disaster for the entire society. In any event, it is an abhorrent policy, – cruel and degrading for those thrown into idleness and dangerously frustrating to the youth of the country who feel betrayed by a society that seemingly cannot provide them the opportunity of participating and developing.

The fact is that the market is no longer the responsive agent it once was. To an important degree, prices are no longer governed by the market; nor are wages and salaries; nor are rents, interest rates, professional fees or profits. Regulation of prices and income can no longer be left to the play of supply and demand because these are no longer free. They are administered and manipulated by economic forces before which the consumer is virtually helpless. Economic planning by government and agencies of government has become an urgent necessity, because the power of strong private economic forces, accountable only to themselves, is far too great.

This, of course, has been the basis of the economic and social philosophy of my party since its foundation. It has been my approach throughout my adult life. But planning can take two alternative forms: it can be biased in favour of the strong to the detriment of ordinary people. This is the direction of the Nixon controls in the United States: tough on wage controls but soft on profits, dividends, rent and interest. Or planning can be biased in favour of the average citizen, aiming at greater equality of income and of condition across the nation. The objective of any system of collective planning and government controls must be, in my view, to make the weak stronger and the powerful weaker so that individuals as well as corporations, small business as well as the giants, have an equal break and an equal share. This emphatically is not the case now and this is one of the major sources of conflict and frustration in our society.

In Canada we must grapple with another dimension of this struggle which derives from the extent to which our economy is controlled by multi-national corporations, mainly American. The statistics of such control are by now well known. They have been documented in a number of reports. Without going into detailed figures, it is clear that our natural resources are overwhelmingly in foreign hands; in some cases, – in petroleum and natural gas, for example, – the proportion of foreign ownership is well over 80% and 90%, and in mining it is well over 60%. It is also clear that more than 60% of our manufacturing is controlled by multi-national corporations; again in some cases it is over 80% and even more than 90%.

This makes us immensely more vulnerable than any other economy to the present American policies. For it is not only our export trade with the United States which is threatened but the very existence of many of our plants. It is clear that American tax incentives for investment in home-made machinery and equipment and the implementation of the program of Domestic International Sales Corporations, known as DISC, may well lead multi-national corporations to shut down operations in Canada, in whole or in part, and to transfer production and jobs to the United States. As I read it, one of the major thrusts of Nixonomics is to slow down foreign investment and to curtail the production of goods in foreign countries by American corporations. And because of the massive extent of American control of Canada's economy, the threat to our future is greater than to that of any other country.

Thus, President Nixon has awakened us at last, at least some of us, to the serious dangers to which continentalism has exposed us. To my knowledge, Canada is the only country which has permitted foreign investment without limitation, without controls or rules and without any apparent concern for long-run consequences. The only exceptions, and they have been imposed only in recent years, concern the fields of banking, uranium and communications media. Ours has been a reckless policy, prompted by business leaders, some of them perhaps in this room, large investors and political leaders who were blinded by the prospect of a fast buck and of growth for its own sake rather than for the sake of a strong and independent Canada.

We have had ample warnings that the day of reckoning was coming, as decisions made in Washington endangered our economic health. In 1963, there was the interest equalization tax and in 1965, the threatened repatriation of the reserves of American subsidiaries. We wiggled out of these difficulties by pleading for and getting exemptions, – at a price; at the price of a straightjacket on our freedom in monetary policy and of even greater dependence on the United States.

But with the age of Nixonomics, it appears that the time has come to pay. Pilgrimages to Washington have not helped. The American surcharge on imports will continue to apply to us despite the fact that we must sell a great deal to the United States if we are to earn the money to pay the interest and dividends, the management, patent, license and technology fees, the charges for marketing services and development costs, which American investors and parent corporations extract from the Canadian economy.

Significantly, raw resources, such as oil, natural gas, and minerals are exempted from the Nixon surcharge. What President Nixon is telling us is something my colleagues and I have warned Canadians about for years: the United States wants Canada only as a secure source of scarce natural resources but not as a competitor in manufactured goods. This is a disastrous prospect. The exploitation of our natural resources requires massive inputs of capital which produce relatively few jobs. And if the capital continues to come from American multi-national corporations, it increases our dependence, drives up the price of our dollar and adds further difficulties for many of our export industries. Yet it is manufacturing and, of course, the service industries, on which we must depend for jobs.

Thus, the challenge facing Canada today as for years past, goes far beyond the limited problem to which the government has so far addressed itself – escaping the impact of the import surcharge, whether by so-called employment support grants or by scurrying to Washington, head on chest, pleading for an exemption.

The challenge facing Canada is the urgent need to free ourselves from our dependency on the United States and to build a strong, self-reliant economy that can provide work for Canadians and generate the capital we need for development and expansion.

I am not suggesting that we should build a wall around Canada or that we should shut out the United States completely even if that were possible, which it is not. By all means we must maintain a close relationship and friendship with the United States. Geography, history and language make it unavoidable as well as desirable. But a friendship founded in equality and self-respect is honourable and productive; a relationship based on the timidity of a satellite is humiliating and sterile.

Indeed, I want to make clear that I don't blame the Americans for our weak, dependent position. It is sometimes said that Canada has permitted the foreign takeover of our economy. But this is really an understatement. Some people suggest that the Americans have raped us. But this is obviously slanderous, for there is no rape where there is invitation and consent.

The fact is that political and business leaders invited the takeover, pleaded with American corporations to exploit our oil fields, our gas reserves, our minerals and many of our forests, and begged them to establish manufacturing industries. Having done this for many decades, Canada is now in a bind. Particularly is this so since the expansion of foreign ownership and control is no longer due mainly to direct foreign investment. It is due mostly to the accumulation of undistributed or retained earnings which are used by foreign subsidiaries for further investment, expansion and takeovers. In short, foreign corporations have been buying us out with our own money.

A very good example of the ambivalent attitude of some leading Canadians was seen in Parliament yesterday. The Conservatives moved a motion of censure against the government concerning its relations with the United States.

Significantly, the first part of the motion seemed to call for even closer economic and political relations with that country, but the second part wanted a new economic policy to strengthen our economic independence. And the glaring contradiction between the two did not seem to bother the sponsors of the motion.

Assuming that this incredible doubletalk is not crassly political, it illuminates the confusion and ambivalence of some Canadians. Basically, they are fearful of Canadian independence; they bend their knees before American economic power with awe and helplessness. Essentially they are prepared to let the Americans set the limits of Canadian independence. I passionately reject this attitude.

Indeed, the problems of foreign ownership and control threatening Canada's welfare and independence have become universal problems, although they are most acute in our country. They have been created by modern economic imperialism which penetrates foreign countries accompanied not by bayonet and cannon but by computer and bank-roll. Modern corporate conquest does not resort to the crude method of grabbing nations by force; it quietly and smilingly conquers the means by which nations live. More humane, of course, but also more profitable and much more insidious. The great attraction is that the multinational corporation brings not only capital but technology, not only modern machines but modern know-how. This strengthens further the hold of the corporation, for the longer the situation continues the more dependent becomes the host country on the technology and know-how of the outside corporation even when investment capital is available at home.

The time has come for a creative and constructive Canadian nationalism to assert itself. I want to see a society in this country distinct from that of our giant neighbour, with its monstrous inequalities and crass materialism. We must free ourselves, even at some cost, from outside domination of our economic life and our cultural values.

The time has come for Canadians to renew their faith in their country. I get angry every time I hear the suggestion that Canadians are not prepared to take risks. Canada was built by heroes who defied the dangers of climate and wilderness to build railways, blast mountains and clear vast tracts of land. As one travels across this great country, one never fails to be impressed by the immense wealth and great beauty with which we have been endowed. One never fails to be impressed by the greatness of its people, not greater than others but as great as any other. A country as wealthy and as beautiful as ours, with a people as great as ours, must have the will, as it has the capacity, to stand on its own feet. Not in isolation or arrogance but in determination to control its own destiny and to shape its own future.

This is the challenge which recent developments have restated for us in urgent terms. I plead that we not continue to ignore it in the future as we have done in the past. This isn't anti-Americanism or socialist propaganda. Of course, my social philosophy leads me to reject many American values and to oppose angrily that country's indefensible war in South-East Asia, and many other of its policies. Indeed, I cannot help but regard the American military-industrial complex as one of the world's two great dangers; the other one being the military-state complex in the Soviet Union. But all this is not relevant to my theme today.

For I plead with you not on ideological grounds but on the stark and frightening fact that continuing continentalism will endanger not only our independence but our very existence as a distinct or almost distinct society. Nixon's reactionary policies will no doubt do the world and Canada considerable harm. But it's an ill wind, as the old proverb suggests. Perhaps the very cruelty of Nixonomics will at last awaken Canadians to seek their own road and to build their own future. I profoundly hope so.

Mr. Lewis was thanked on behalf of The Empire Club of Canada by Major Arthur J. Langley, C.D.

EDITOR'S NOTE: This address by Mr. David Lewis, Q.C., M.P. the Leader of the New Democratic Party defines the attitude of his Party to President Nixon's economic initiatives that were causing great concern to Canadians. (See Editor's Note on page 57.)

NOVEMBER 18, 1971

Plain Talk

AN ADDRESS BY The Honourable John N. Turner,
P.C., Q.C., M.P., LL.D.,
MINISTER OF JUSTICE AND ATTORNEY
GENERAL OF CANADA

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Members of The Empire Club who have attended our most recent meetings will appreciate that this is the third – and may well be the most important – meeting in a series of three, where leading Canadians in public life have spoken about our country and the attitudes of their respective parties to our current economic problems.

Following immediately after Robert Stanfield, and David Lewis, with the possible exception of the Prime Minister himself, there is no more articulate and forceful exponent of Government policy than our guest of honour today, the Honourable John Turner.

When our speaker was first elected a Member of Parliament in 1962, perhaps no other freshman Member elected at that time aroused such interest on the part of the press and public, or was considered to have such prospects for a great career in the House of Commons.

Elected to Parliament not long after his 30th birthday, our guest had already attained an enviable reputation for excellence, not only in his professional endeavours but in his attitude towards public responsibility.

Coming from a well-known family, which was no stranger to public service, our guest had received several university degrees, all with honours. He was an internationally acclaimed athlete – a Rhodes Scholar from British Columbia – and an active participant in professional and community endeavours, where he rapidly assumed positions of leadership.

During his days in Montreal he became associated with the law firm of Stikeman & Elliott, the well-known specialists in income tax law. Members of the Empire Club will remember that Mr. Heward Stikeman, the former senior partner of our guest, has been a recent speaker at our Empire Club luncheons. His views on the Government's tax reform proposals are, therefore, well-known to Empire Club members. Now I know that the rules of cabinet secrecy may prevent us from ever knowing what part our guest played in what must have been the acrimonious discussions on the tax reform bill in Cabinet, so that whether Heward Stikeman had any lasting influence on our guest may never be known to history. I hope, however, that Mr. Stikeman will not think unkindly on the career of his former protege – and speaking on behalf of those members of The Empire Club who may be clients of Mr. Stikeman, I hope that our guest today, in his capacity as Attorney General and Canada's chief law enforcement officer, will continue to be not displeased with the work of his former mentor.

Elected to Parliament in 1962, our guest's progress was predictably rapid. He was appointed Parliamentary Secretary to the Minister of Northern Affairs in the first Pearson Administration in 1963. He was named Minister without portfolio in 1965, and in 1967 he was appointed Registrar General and the first Minister of Consumer and Corporate Affairs, a department which he was chiefly responsible for creating. In 1968 he was appointed Minister of Justice and Attorney General of Canada – traditionally the most senior of cabinet posts.

John Turner is perhaps best known to Canadians, particularly to those of the television audience, for his vigorous campaign for the national leadership of the Liberal Party of Canada in 1968, when his campaign won considerable support not only from those in his own Party but from the public at large. Now I appreciate that it may be a political fact of life in Canada that the surest way to send an up-and-coming cabinet minister to obscurity is to suggest that he has a great and glorious future before him, particularly when his Prime Minister is relatively young and healthy. Although I do not wish to embarrass our speaker, I think that we should all be very conscious that our guest has undoubtedly a great career ahead of him and that someday we may ask him to speak to The Empire Club as Prime Minister of Canada.

It is, therefore, a great pleasure for me to present to you, the Honourable John Turner, P.C., Q.C., M.P., LL.D., Minister of Justice and Attorney General of Canada.

THE HON. JOHN N. TURNER:

One of the persistent criticisms I hear from businessmen when I travel about the country is that government has created a climate of economic uncertainty. I am told that there are too many legislative proposals in orbit: the Tax Reform Bill, the Competition Bill, the Labour Standards Code Amendments, and so on. There is just too much to digest at one time. I am told that business needs certainty and predictability in order to project and plan investment. Without that investment, there will be insufficient economic growth to support the jobs needed to absorb a rapidly expanding labour force.

I understand this argument. I understand the quest for stability. We all instinctively seek an atmosphere of predictability and certainty. Businessmen particularly seek it because they take risks which they hope to minimize by as much predictability as possible.

This criticism, I venture to say, is accentuated by two factors: the difficulty in communication between government and citizen and the incessant pace of change in today's world.

The more advanced our means of communication become, the more difficulty we have in communicating with each other. Why is it that with all the new *hardware* – electronics, the computer, the earth satellite, the laser beam – we have not yet perfected the software to go with it – renewing those basic skills by which one human being talks to another: the art of persuasion and the gift of listening?

The task is magnified when governments try to communicate with people. What are the phenomena that have made it so difficult?

First, the fact of change. It is trite to say that we are living in an age of change – an age of transition. Changes in attitudes, life styles, work patterns. And it is not merely the *fact* of change; it is the *pace* of change. Alvin Toffler has made the words "future shock" part of the lexicon of our language. He defines it as the premature arrival of the future.

The epoch of change is here to stay. There will be no return to the "good old days" of stability and certainty. Change is so rapid – one change follows another so relentlessly and intensively – that the "conventional wisdom" has become that change is the only constant factor in our lives. We in public life must recognize it. You must come to terms with it as well.

There is little hope for stability in our generation. Traditional roots are being torn up. Old approaches are outmoded. The lessons of the past are no longer so relevant. History is no longer the great teacher. It is not the past that matters. It is the future that counts. It is not yesterday that concerns me because that has gone. Nor today because that is happening now. It is tomorrow because that we can do something about. Tomorrow should be our concern.

Compounded with the pace of change is the immediacy of communication, forced upon us by an electronic age. We are bombarded by words, sounds, and ideas. The world has indeed become a global village. Electronics converts change into a universal phenomenom.

The institutions under which we have lived find difficulty in responding to change and immediacy. All institutions by definition are committed to yesterday's tasks. The church reels under the onslaught of secularism. The family is buffetted by new permissive attitudes. Politics struggles with participation. Business spars with the new consumerism. The law finds itself caught in the conflict of authority and freedom, escalated by crises of confrontation.

And everywhere change prompts expectations that cannot be fulfilled soon enough to satisfy impatient appetites. The time lag between evocation of an idea and its fulfillment in legislation breeds frustration, impatience and alienation. A generation bred on instant food, raised on instant credit, demands instant government.

The pace of change, the immediacy of communication, bigness, remoteness, and anonymity in government, have compelled new efforts to rectify the imbalance between citizen and state – new remedies, new avenues of appeal, new efforts to participate in the decision-making process.

One of the paradoxes of the age is that, despite the intimacy of television, the links between government and people remain strained. Government finds that the hardware of communication – the techniques, the technology – is not by itself effective. We still need the software, the basic skills uniting one human being to another; the art of persuasion and the gift of listening. But today we still rely on hardware to substitute for software. We think that technology will compensate for neglect of the human skills.

I hold strongly to the view that, in this age of change, immediacy and remoteness, the use of TV, radio hot lines, opinion polls, is no substitute for basic human talk. Communication is dialogue. The art of persuasion must be matched by the gift of listening. I think we have to return to tactile politics – the politics of feeling, conversing – actual encounters between the elector and the elected.

That is one reason why I am here. To try to dissipate some of the breach in communication between your government and you – the business and professional community. For instance, I have heard it said in recent weeks that the Canadian government is anti-American. That is not true. That it is being said is a reflection of a serious communication gap. I reject any attempt to quote certain remarks of the Prime Minister of this country completely out of context in order to build such a case. Policy is not made nor interpreted by isolated or selective citation. Policy must be found from the deliberate words and acts of government.

Your government is not anti-American. If you were to ask me, anti-Americanism is bad politics in Canada. I believe there is too much community of interest, too many family ties, too much shared experience, to tolerate any permanent breach in our relationship with the U.S.

The Canadian Government is not anti-American. Broadening our links with China and the Soviet Union is not anti-American. It makes sense to us in the cause of peace. It makes sense to us in the interest of trade. Mr. Trudeau was a pacemaker and Mr. Nixon is on the trail. He will go to Peking. He will go to Moscow. Protection of our Arctic waters from pollution is not anti-American. We have a right to protect our environment and a duty to the world to co-operate in saving the seas from either oil or nuclear pollution.

Insisting upon a national rather than a continental energy policy is not anti-American. It is protection of our birthright. Resisting a continental resources policy is legitimate self-interest in any country that wants to find jobs for its people. A national water policy is not anti-American; it is a careful husbanding of our future. Resisting a landlord-tenant confrontation on this continent is inherent in our national self-respect.

If there has been any straining of our friendship with the United States, that surely has resulted from American initiatives. Two events have clouded our rapport with the Americans; one economic, one environmental – the imposition of the 10 per cent surcharge on imports by President Nixon and the nuclear test on Amchitka. These United States' actions, taken together with pending economic proposals before Congress, have provoked a wide range of emotion in Canada – from impatience to worry to bitterness.

It is time for "cool". Bruce Hutchison once told us that anti-Americanism is a dangerous luxury for Canada. One does not have to know much about economics and geopolitics to understand why. Faced in Canada with a restless public opinion, our Government, I believe, has reacted with restraint. No attempt to recite remarks of the Prime Minister, quoted out of context, as evidence of a sinister anti-American plot, can stand up against the facts.

In response to the surcharge, we have sought reasons from the Americans, we have tried to analyse the depth of their predicament, we have tried to demonstrate that we were not contributing to their problem, and we have deliberately avoided retaliatory measures.

On the matter of Amchitka, the House of Commons passed a resolution calling for cancellation of the test. The resolution was unanimous, save for one vote. Confronted by considerable pressure to intervene personally with the President of the United States, Mr. Trudeau maintained his calm and relied on the parliamentary resolution as the most significant expression of free opinion available in this country.

Those are the facts and they lend no support to an anti-American posture. This is not to deny that the current situation will prompt some economic and political decisions of the first magnitude. In making them, Canadians will undoubtedly be forced to debate the essential continuing aspects of our association with the Americans. I think most Canadians want to adopt a posture and a reality more independent of the United States. I believe, however, that a wise national policy should resist any action based on jingoistic or chauvinistic rhetoric, however emotionally satisfying that might be. Rather, a wise national policy would insist upon a balance, reconciling political sovereignty with economic stability. Any policy that recklessly risks our own standard of living would not, I believe, be generally endorsed by Canadians. We have until now tended to seek the best of both worlds and we have for the most part succeeded. We have enjoyed both sovereign independence and a high standard of living.

There are limits, I think, to our present manoeuvrability in revising our economic position in North America. It is prudent to remind ourselves, first of all, that no country is truly economically independent, not even the United States, as recent events prove. In the second place, while our trade balance and overall balance of payments are currently satisfactory, our rate of unemployment is at a totally unacceptable level and we have a labour force that is growing at a faster rate than that of any other industrialized country. The growth necessary to absorb people and create new jobs will demand heavy investment and an annual increase in G.N.P. of 9% over the next two to three years and 6% thereafter.

Thirdly, our economy, though healthy, is vulnerable in the sense that one-quarter of our gross national product depends on foreign trade and two-thirds of that trade is with a single customer, the United States. It is difficult to disengage from a trading partner with whom one conducts $23 billion of mutual business annually ($20 billion in exchange of goods alone). We have some difficult bargaining sessions ahead. We have an old-fashioned selling job to do on our best customer and there is no place for abrasive rhetoric.

What are our immediate problems and our long-term prospects? Our immediate problems are economic. I am talking economics because I believe that for the next decade it will be the "bread and butter" issues that count.

In the short term, we must devise our response to the current American surcharge and other ancillary economic measures currently before Congress – export subsidies and domestic investment tax incentives. We must diversify our trade. We must think in terms of economic growth. In the long term, we must gradually move towards a more independent control of our own business and resources, while ensuring that our actions do not unnecessarily jeopardize our economy nor impede the growth of our own manufacturing industries.

First, the surcharge. The 10 per cent imposition (which is, in fact, a disguised devaluation of the American dollar) affects between $2 billion and $3 billion of our sales. That alone is bad enough. What is worse is the uncertain duration of the surcharge. If it were limited in time, we could calculate its effects and respond accordingly. Mr. Pepin said that present Canada-U.S. trade difficulties are transitory – a "pause for station identification", a "do not adjust your set" situation. But we don't know. The uncertainty makes response difficult. Underlying that uncertainty is a confusion about the basic long-term objectives of the United States. The Americans themselves have not clarified their motives. Is the surcharge limited in purpose to international monetary revaluation, as the President indicated in his initial statement? Or does it depend more, as Secretary Connally has intimated, on bilateral trading conditions and balance of payments patterns throughout the world? Is it a deeper reflection of a new protectionism, a new isolationism? On either assumption, we have made our case that Canadian action has not contributed to the American predicament. Our dollar has floated for over a year and our total balance of payments position, current and capital, visible and invisible, is in a relatively neutral position vis à vis the United States. Nor do we maintain any discriminatory curbs against American trade. We apply no unfair restrictions against U.S. goods. We have one of the openest markets in the world.

We have responded, in the interim, with the Employment Support Act as an underpinning to industries affected by the surcharge. We are supporting agricultural products under agriculture stabilization mechanisms. We are now exploring the full range of fiscal, monetary, exchange and tariff tools to meet any prolonged imposition of the American policy. We have resisted immediate retaliation as self-defeating.

The Americans at last are beginning to talk and to negotiate. And we have some bargaining assets on our side which we can lay on the table. We intend to do so.

In world trade we need a new aggressive style of multilateral commodity trading. The ground rules have changed – perhaps for a long time, perhaps for ever. The new protectionism of the United States and Britain's entry into the Common Market cloud our trading prospects. We run the risk of being shut out of the two most fertile markets in the world. New trading blocs and abnormal currency values endanger our prosperity. Surely we must explore our rights under the GATT treaty and attempt to revive a general movement towards freer trade. Our competition policy should recognize that in order to compete abroad we need larger economic units. We must rationalize some of our industries, thereby increasing productivity and encouraging lower unit costs.

We need new economic tools. We need new procedures for solving industrial disputes. We need to reconcile technological advances with security of employment. We must somehow raise the standard of special pleading on behalf of management or labour to a consensus in favour of the common good.

More important, we have to renew the dialogue between government, labour and business. Postwar Japan and Germany have shown what a tripartite effort can do. True, we have wealth in Canada but much of it is potential only – it is under the water, in the ground, in the forests and in the fields, and in the skills of our people. It needs development, processing, selling. It is latent wealth, dependent on volatile markets and upon an economy extremely sensitive and vulnerable to world trade. We cannot easily afford confrontations between the public and the private sector, between government and business or between business and labour. Until our markets are assured and our unemployment dissipated, that type of confrontation spells self-inflicted economic punishment.

On the longer term, I favour a deliberate national economic policy, broadening and strengthening the Canadian economy. We need to seek means to lessen our economic vulnerability and to increase our scope for independent action and enhance our sense of national purpose. I do not believe that Canadians would contemplate with favour a free trade area or customs union with the United States. The political consequences would be irreversible and would dilute or even destroy any claim we had to our own sovereignty.

The current American action and posture have made the status quo difficult to maintain. Canada has traditionally paid for American investment by selling off raw materials and recently by a tremendous increase in manufactured products, highlighted by the auto pact. If American policy is now meant to transfer manufacturing potential across the border, then either we shall be unable to pay for their investment in this country or we shall have to be content with paying for that investment by the export of raw materials. Neither would suit us. Canadians will no longer support an economic strategy that would leave us a mere storehouse for the United States.

Any move towards more control over our own economy should be made, I believe, in positive, not negative nor retroactive terms, that our action would have to take account step by step of the effect upon our economy and its need for sufficient growth to absorb a growing labour force. I do not believe that we should indiscriminantly discourage foreign investment (apart from takeovers of existing firms), nor do I believe that we should or could "buy back" any investment already made. I am more interested in ensuring that any future foreign investment in the "knowledge" industries of tomorrow, in the technological industries that spell power in the future, be directed towards debt rather than equity. Our tax laws should encourage this direction. Correspondingly, Canadian investors, banks, insurance companies, pension funds, must take up the equity available in this country and we should have fiscal and monetary incentives to encourage this investment. Nor do I exclude joint ventures of public and private capital when these are feasible and necessary to promote new Canadian enterprise.

Any economic program which is going to give us more independence and international muscle must involve closer federal-provincial liaison. Economic policy should be more comprehensive and involve co-ordination of all aspects of growth. There should be a closer relationship between government and industry and better analysis as to which industrial sectors need encouragement. We have to seek rules under domestic and international law for multinational corporations. We must stimulate more research and innovation. We must encourage our own industrial engineering and managerial skills. We must protect our own Canadian businesses from any foreign take-overs that would add little to our national economic prospects.

Robert Frost used to say that "Good fences make good neighbours". We are not quite sure whether the United States wants to raise the fences or tear them down. We are not sure whether they want to shut us out or take us over, or both. No issue is causing Canadians greater concern. Some of our problem lies in human nature. Friendship does not make news. Quarrels between neighbours do. Since 1812 our relations have generally been friendly. That does not make news. It is only when something happens between us – as it is bound to do between two neighbours, especially between two neighbours who deal and trade with each other as much as we do – that the news is reported in tones of crisis.

The former Prime Minister, Mr. Pearson, said this to his American hosts at the Pilgrims' dinner in New York in November, 1963: "*You* underplay Canadian-American problems unless they become conflicts. *We* tend to over-play them and make a disaster out of a difference . . . A sense of responsibility, a sense of proportion, and mutual understanding is needed on both sides; above all, a sane and mature approach to our problems; by politicians, press and public".

In our constant search for a national identity and independence, we have reacted defensively to the United States. The urgency of the moment provides us with the challenge *now* to strike out on a *positive* course that is pro-Canadian and anti-nobody.

Mr. Turner was thanked on behalf of The Empire Club of Canada by Mr. H. Allan Leal, Q.C., LL.D.

EDITOR'S NOTE: This address by the Honourable John Turner, one of the most articulate of the Federal Government Ministers, represents a clear statement of the Government position in answer to the attacks made by Mr. Stanfield and Mr. Lewis, at the two previous Empire Club luncheons. His address should, therefore, be read in the context of the two previous speeches in the Yearbook. (See Editor's Note page 57.)

NOVEMBER 25, 1971

Ontario of the Future

AN ADDRESS BY Mr. Robert F. Nixon, M.P.P.,
LEADER OF THE OPPOSITION IN THE ONTARIO LEGISLATURE AND LEADER OF THE LIBERAL PARTY IN ONTARIO

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Our guest today is Mr. Robert F. Nixon, the Leader of Her Majesty's Official Opposition in the Legislature, and Leader of the Ontario Liberal Party. I might add that this is the first major address that our guest has given to a Toronto audience since the last provincial election, an election which all politicians must have considered as something of a traumatic experience.

We are glad, however, to see him again at The Empire Club with his usual smile and cheerful disposition, ready once again to meet the challenges as they may come, and take advantage of new opportunities as they present themselves.

I suppose, if one is a Liberal in the Province of Ontario, one must feel that the Conservative election record in recent years is something of an exercise in perpetual motion, and the discouragement on the part of some of Mr. Nixon's colleagues may well be giving way to a general feeling of resignation, that there will always be Conservative Governments. I was very interested to note that in Mr. Nixon's official biography, his 260-acre farm in Brant County is described as an historic site. I am not sure whether it is the antiquity of the buildings that make it historic. I think perhaps a better explanation of its uniqueness is the fact that it was the home of the last Liberal Premier of Ontario, which to the uneducated must date it back to Joseph Brant and the Iroquois.

If it is any consolation to Mr. Nixon, the disappointment of the Liberals at losing the general election can be nothing compared with the discouragement felt by members of the Brant County Progressive Conservative Association who have seen Nixons – both father and son – win 17 consecutive victories, in every election since 1919. So perhaps Mr. Nixon will agree that long traditions of service are not always a bad thing.

Our guest came from a rural background, and was indoctrinated at a very early age in Western Ontario Liberalism. Educated at local schools, he went on to McMaster University and received, in 1950, his Degree with Honours. As a young man, he was a high school teacher at Sault Ste. Marie, and in his own County town of Brantford, where he was Head of the Science Department at North Park Collegiate. Politics, however, proved to be an irresistible draw. and on the death of his distinguished father he was elected to the Ontario Legislature in 1962, a position to which he has been re-elected three times. His advancement in his own party was predictably rapid. The year of his formal entry to politics saw him elected President of the Liberal Association in Ontario, and in 1967 he became the Liberal Leader, and Leader of the Opposition – a position which he has filled with intelligence and dignity.

Many of us here watched the last election campaign on television, where Mr. Nixon was shown with his lovely wife, Dorothy, and his children, living together with his mother, on the family farm – which has been in the Nixon family since the original Crown grant. Those of us who are conscious of our heritage found it very easy to identify Mr. Nixon's life style with those traditions of early Ontario which are the root upon which our Province's present greatness is founded. The Nixon family represents the best in our Ontario traditions – and if our guest today continues to show the same determination and perseverance which his forebearers have shown, I am sure Mr. Nixon will undoubtedly be called upon to serve his Country and his Province in yet some greater capacity.

I have, therefore, the great pleasure in introducing to you, Mr. Robert Nixon, Leader of the Opposition, and Leader of the Liberal Party in Ontario.

MR. ROBERT F. NIXON:

I am honoured to be asked once again to address the Empire Club.

As a politician, I am aware of the importance of your collective opinions, and as a realist, I know I am talking to a group that does not always agree with my philosophy nor the policy of my Party.

I do, however, want to talk politics. The last few months – during and just before the provincial election – have been full of political sound and fury – Royal Commissions of Enquiry, gauntlets hurled to the ground, and predictions of political victories. But this political smog is quickly cleared by the people at the polls.

On October 21st, the people expressed themselves clearly handing another overwhelming mandate to the Conservative Party. While it is true that 56% of the people voted against the "Bill Davis team", still, in the Legislature where it counts, the government is supported by 78 out of the 117 Members. Clearly, the Conservatives will be in a position to run the show.

This Conservative win occurred in the face of the provincial trends in Canada during the last two years. The governments have changed in Nova Scotia, New Brunswick, Manitoba, Saskatchewan, and Alberta, with the changes in Prince Edward Island and Quebec occurring fairly recently as well. Only British Columbia with Mr. Bennett, and Ontario have bucked the trend – the outcome in Newfoundland, at least according to Mr. Smallwood, is still in doubt.

The situation there is something like the political events in Ontario a hundred years ago. In the election of 1871, Premier John Sandfield Macdonald, leading the Liberal-Conservative Party, was defeated by the Reformers in March 25th. He hung on until the administration ran out of funds late in December before turning over the government to Edward Blake.

However, Mr. Chairman, the provincial election of 1971 was not just number nine in an unbroken record of Conservative victories since 1943. It has given a massive legislative majority to Bill Davis which in the tradition so substantially established by his Party he will attempt to maintain at least for the next decade.

I am not here as a knee-jerk opposition politician predicting his failure in achieving this goal. Rather, like yourselves, a taxpayer and family man interested in public affairs I want to consider the problems the province must face in the next decade and what the solutions might be.

The most pressing problem is employment. To continue identifying this entirely as a federal problem is irresponsible and ignores the fact that our projected provincial expenditure this year is $4.5 billion. Ontario has one-third of Canada's population and about one-half of our gross national product earned here. While federal programs must provide a basis for equalization of opportunity and strengthening of national unity, still Ontario must and will, I predict, take independent initiatives to keep our employment levels high and our economy expanding.

The real challenge will be to provide jobs for our young people, particularly following post-secondary education. Stories of Ph.D's selling encyclopedias and driving buses are common. The real tragedy is that by far the largest group among the unemployed are under age 25. Most of them have good formal education but little or no experience.

When one considers the massive public investment already made in the province of education facilities, it is obvious that we must follow through with a two-pronged approach to the problem.

First, our post-secondary facilities must operate year-round.

The so-called "summer holiday" established when young people were needed for the harvest, interrupts the efficient use of the facilities and the students' time. Under a full semester system, the students could choose when time away from formal education would be most advantageous for them. Almost as many could be ski instructors and winter resort employees as lifeguards in the summer; and on a broader base, business and industry could have programs for student employment allied to the educational direction being followed that would be available in three-month periods all year around, not just during the summer when all the young people flood the labour market.

Even for the ones who hitch-hike the summer away – and I for one hope that as many as possible get a chance to travel around – the ease and cost of student travel to Europe means that for our young people at least, the world can truly become a global village.

The second thrust to counteract unemployment among the youth will be a provincial employment program geared to four-semester year-round education. Such a program will provide three months' employment anytime during the year. The jobs would be a direct part of provincial programs in recreation, conservation, forestry, highways, hydro, agriculture, education, mental hospitals, the courts, law enforcement; in fact, in all areas of public responsibility.

Not only would the young people have work during part of the year, but they would earn money to assist in the continuation of their education. They would also have the experience of a job in an area of public service that would, I believe, be valuable in the formation of their attitudes toward the community and their responsibilities as citizens.

At the session of the Legislature convening in the next few weeks, we must come to grips with means whereby

Ontario strengthens our program to combat unemployment. During the election campaign, Mr. Davis promised to reduce personal income tax by 3%.

We must also move to utilize Ontario's share of the $1 billion federal program announced six weeks ago. I trust that a substantial program to improve employment prospects for our young people will be a part of it.

The second matter that I believe the government will deal with is the reform of the Legislature itself. This will be forced on Mr. Davis by his large caucus of 78. These people will not be content to sit in the offices waiting for the division bells to call them to vote with a "ready, aye ready" attitude towards public affairs and Party loyalty.

I predict that Mr. Davis will expand the size of his government by giving many more of his followers in the Legislature jobs in the administration. While they will not have cabinet rank, they will follow the same role as the Parliamentary Secretaries at Ottawa. At the same time, real and decisive power over policy and administrative decision will be concentrated in a much smaller inner cabinet.

I predict that regional government will be imposed on four new areas of the province within a year. Even though local government costs in the new Niagara Region went up 40% in the first eighteen months, still it looks as if other areas are slated for the same treatment. Just like the imposition of County Boards of Education occurred six weeks after the election of 1967, so this new push to regionalize will occur in the early part of the term to let the political heat dissipate well before 1975. Halton-Peel, Hamilton-Wentworth, Haldimand-Norfolk, and Oshawa-Ontario are the areas slated for regionalization.

It is easy to predict that costs of government will soar in these areas. Expectations of economy of scale and elimination of duplicate programs have withered with the experience of the regionalizing and centralizing programs of the last six years.

Inherent in the programs and the philosophy of the present government is the centralization of even more authority over local councils and boards. However you might feel about the decision to stop Spadina, it is just another indication of the government's policy to override the authority of municipal councils and planning boards.

I regret deeply the erosion of the authority of locally-elected boards, councils, and authorities, but I predict that the implementation of the Toronto-Centered Plan, and other plans covering the province, will mean an escalation of centralized decision rather than the reverse.

This means, of course, that the present provincial civil service numbering 65,000 will expand to at least 72,000 by 1975, excluding from the count the employees of Ontario Hydro presently numbering about 24,000.

All of these programs cost money, and my predictions in this area will conclude my remarks.

The $1.8 billion spent by the province in 1967 has mushroomed to $4.2 billion estimated this year. With the fulfillment of promises made by Mr. Davis during the election such as free medicare for pensioners, the expenditure this year will be at least $4.5 billion. Provincial spending has increased since 1968 at twice the growth rate of Ontario's economy.

The pressures on provincial revenues have led the Ontario government to blame the federal administration, more and more shrilly, for not increasing Ontario's share of the income tax revenue. In this connection, it should be noted that the share of the personal income tax revenue collected by the government of Canada and paid back directly to the Consolidated Revenue Fund of Ontario is expected to amount to $1.05 billion this year, by far the largest single source of provincial revenue.

Both the Premier and the Treasurer, Mr. McKeough, have cajoled, threatened, and berated the government of Canada for not collecting and rebating more money for Ontario – so far to no avail. The federal authorities have made it plain repeatedly, that if Ontario needs more revenue then the provincial government must take the responsibility itself in raising the income tax. This step has been taken by four other provinces, and I predict Ontario will follow suit within two years. The increasing atmosphere of confrontation and recrimination which has recently marked fiscal relationships between Canada and Ontario is regrettable and can lead to nothing but further overlapping of responsibilities, high collection costs, and more confusion to the taxpayer instead of the real tax reform so seriously needed.

These, then, gentlemen, constitute a few of my predictions for the directions the government of Ontario will take. Many other areas of compelling importance I have ignored, such as labour and farm policy which will occupy much of our attention.

My own experience as a Member of the Legislature for ten years, and Leader of the Opposition for five, is that all of us, regardless of political affiliation, share the same goal. The building of a better community in Ontario as the leading province in a unified Canada concerns us all. Having prophesied problems, I must also say I feel confident and optimistic that our democratic system will cope with them effectively.

Mr. Nixon was thanked on behalf of The Empire Club of Canada by Mr. Joseph H. Potts, C.D., Q.C.

EDITOR'S NOTE: Mr. Robert Nixon, the son of the last Liberal Premier of Ontario had, since 1967, been Leader of the Liberal Party in Ontario and Leader of the Opposition in the Ontario Legislature. This was the first major address by Mr. Nixon since the October 21st General Election, which saw the Liberal strength in the Ontario Legislature reduced from 27 to 20 members.

Mr. Nixon made some predictions as to the future thrust *of Provincial policy in the years ahead. On February 12, 1972, less than three months after this address was given, Mr. Nixon announced to a Liberal Party meeting in Ottawa that he was stepping down as Leader of his Party in Ontario and would not be a candidate at the leadership convention to be held in 1973.*

DECEMBER 2, 1971

Some Reflections on an Incomes Policy

AN ADDRESS BY Dr. John Young,
CHAIRMAN, PRICES AND INCOMES COMMISSION

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

It is almost exactly two years since our distinguished guest today spoke to The Empire Club on the difficult problem of inflation. It goes without saying that the intervening period has been a time of great soul searching, not only for our guest but for all of us who are concerned with the stability of our dollar. Circumstances have changed during the last two years – not the least of which has been the decision of the United States to impose a form of wage and price control.

Dr. Young has not made a speech in public for some months now, and the possibility that he might take this opportunity to announce a wage freeze prompted one company executive, who is a member of this Club, to telephone me this morning to ask whether or not he should vote himself his Christmas bonus before 1:00 p.m., this afternoon. I, of course, could not give him a satisfactory answer, except to suggest that if he brought his Board of Directors to this luncheon, and if he was alert and quick enough perhaps he could get his bonus passed before Dr. Young concluded his remarks.

The nature and causes of inflation have, of course, been a subject for considerable discussion among economists over the years. The late George Bernard Shaw once said, that if you put all the economists in the world end to end, they still would not reach a conclusion. In fairness to the late Mr. Shaw, the science of economics has progressed considerably since his time. It is now a far more refined and complex matter. If Shaw were alive today he might say, if you made all the economists in the world stare at the same object they would not even be able to identify the problem.

Whatever the causes of inflation are – most of us agree that the rate of inflation depends on some relationship between the supply of money and the availability of goods and services. Since central governments appear to be the dominant influence in at least one, if not both parts of this equation, our guest will perhaps forgive the feeling on the part of some of our members that his appointment by the central government as Chairman of the Prices and Incomes Commission is something akin to being made director of a hospital for the rehabilitation of narcotic users which is financed by the Mafia.

To assume the difficult task of controlling prices and incomes, Canada is indeed fortunate in having in Dr. Young a man whose credentials are exemplary. He started his career in his native Victoria with the Toronto-Dominion Bank. He served with distinction in the Royal Canadian Air Force during the War, where he finished as a Squadron Leader. After the War, he completed his education receiving a Doctorate at Cambridge in 1951. He has held senior academic positions at Yale and at the University of British Columbia, where he was Dean of the Faculty of Arts. No stranger to government service, he made a significant contribution to our country working with the Royal Commissions on Canada's Economic Prospects, and on Banking and Finance, where he was Assistant Director of Research. These positions he filled with distinction and with a growing awareness on the part of his superiors that he was truly one of Canada's foremost practical economists.

We are, perhaps, living at a time when government initiatives are not always greeted enthusiastically by businessmen. However, it is possible to say without qualification, that in his pursuit of restoring a stable currency to this country, which is so necessary to maintain the confidence that our citizens are entitled to expect, Dr. Young carries the wholehearted support of us all – in what we appreciate must be the most difficult of tasks.

It is, therefore, with great pleasure that I introduce to you, Dr. John Young, Chairman of the Prices and Incomes Commission.

DR. JOHN YOUNG:

This is the second time I have had the pleasure of addressing the Empire Club. In such a situation, there is perhaps a natural tendency for a speaker to look over what was said before to see how far it will be necessary to explain any alteration of views. There was some relief in finding little to change after two years but by that very token I was led to reflect on some of the things we on the Prices and Incomes Commission have learned in the interval. This provides the substance of my remarks today.

Let me begin by reviewing the three topics discussed two years ago under the title, "What Price for Price Stability?" The first point made was that the case for tolerating inflation and learning to live with it was a weak one. The Commission's view on this subject has not changed.

The second point made was that the process of controlling an inflation of the kind existing in 1969 was going to be a long and painful one unless an assist could be given by incomes policy. The events of the last two years have only reinforced this view.

Finally, it was argued that the kind of initiative which we proposed in 1969 could provide help in dealing with the problem.

That initiative had many similarities to the one recently undertaken by the Government of the United States. We sought, as they have, to obtain broad support among the major economic groups for agreed limits on increases in wages and salaries, prices, rents, professional fees and so on. While this was often described as a voluntary scheme, it was envisaged from an early stage that governmental intervention on a significant scale would be required to ensure that the program was sufficiently comprehensive and effectively administered.

The crucial difference between the effort made in this country and the present U.S. program is that the Americans acted at a time of crisis with a strong national consensus and imposed an initial freeze under the force of existing law. Even with all that in their favor, it is evident that the task is not proving to be an easy one.

This leads me to the first point I wish to discuss. The difficulty of obtaining a national consensus was the first lesson we were in the process of learning two years ago. Many feel that this is simply a matter of persuasion. If only the public could be made to understand that under certain circumstances the acceptance of a set of rules limiting price and income increases can be helpful in achieving a better economic performance, then a consensus should be relatively easy to obtain. Others are of the view that it is the force of economic events rather than persuasion which makes possible widespread public support for measures of this kind.

The recent experience of the United States provides some support for the latter view. For almost three years leading figures in the U.S. Administration took the position that price and income controls were both ineffective and undesirable, and did their best to persuade the American people of this view. As events developed, with domestic inflation showing few signs of abatement and the international position of the United States worsening rapidly, there was a rising tide of demands for action. In the end, the Administration abandoned its attempts to persuade the public that direct intervention was not required and took steps in the direction of controls which were stronger and more decisive than most of its critics had been demanding.

A second point arising out of our experience in running the price restraint program and in the work we have done on future contingency plans is that there are many difficult issues to resolve in the application of a price and income restraint program to a complex market economy. This came as no surprise to us nor to those in the U.S. Government who have been responsible for setting up their program.

All professional economists are exposed at some time or other to the thoughts of the father of the science, Adam Smith, and many of them share his scepticism about direct governmental intervention. Thus the following comment from the *Wealth of Nations*, written 200 years ago, often strikes a responsive chord:

> "The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it."

A copy of this statement should perhaps be included in the training kit of all incomes policy apprentices. The economic system of a modern industrial country is a highly complex organism which at any point of time is responding to past changes in the forces acting upon it, is beginning to respond to new forces and is ready to react in the future to forces which have not yet come into play. Direct intervention in this process through prices and incomes policy cannot be made sufficiently flexible and subtle to reproduce these results. Relative prices and relative incomes move differently under a system of price and income restraint than they would in its absence, and in time the allocation of resources will begin to change accordingly. This will entail some costs in terms of economic efficiency.

These costs would be relatively low when a system of price and income restraint was first introduced but would tend to grow over time as the system failed to reproduce in detail the kind of subtle response induced by the price system. If, however, the program of restraint were not kept in effect for too long, and if it were able to respond at least in part to the economic forces acting on the system, then the costs of such a policy might be fairly low.

These are not the only costs of using incomes policy. A price and income restraint program limits the freedom of employers and employees to set wages either under collective bargaining or under other arrangements. Similarly, it limits the freedom of those making business decisions to determine at what price they will sell the goods and services they have produced. Such an interference with private decision-making imposes political and social costs which are additional to any economic costs.

Given that the past record of incomes policy in a number of countries of the world is to say the least a bit chequered, it is perhaps surprising that incomes policy is kept in the arena. The answer is probably quite simple. Faced with an inflation which has developed considerable momentum and vigor, governments are often confronted by a short-run choice of alternatives: one, to allow the inflation to continue unchecked; two, to have a prolonged period of high unemployment; or three, to try to get some contribution from incomes policy in reducing both inflation and unemployment at the same time.

A third lesson which emerges from our experience over the last two years is that basic differences of view about the causes of the kind of inflation we have been experiencing recently need not lead to differences of view about the usefulness of incomes policy. This is a surprising conclusion which requires some explanation.

First of all, it should be said that there is little difference of view when the inflationary situation is a straightforward one of excess demand pressure on the economy. There may not be any precise agreement on what constitutes over-full employment, but inflations such as those of 1955–57 or 1965–66 do not lead to differing interpretations. When, however, a high level of price and income increases persists over an extended period of economic slack, the arguments begin.

It used to be thought that those who saw the explanation of this phenomenon as basically a problem of excess demand in the past and anticipation of high demand in the future would have a different prescription for dealing with it than those who placed stress on increases in costs and prices brought about through the market power that labor unions and corporations now possess. Those supporting a demand interpretation could be expected to argue in favor of the use of demand policies alone to bring the economy around, while those supporting a cost-push interpretation would, in general, favor direct governmental intervention in one form or another to restrain price and income increases.

As our work progressed and events unfolded, it became increasingly clear to the Commission that in modern economies the decision to use or not to use incomes policy did not depend on holding any special view about the causes of persisting inflation. In particular, we came to the conclusion that it was not necessary to believe that the market power of labor unions and large corporations was a crucial factor in bringing about excessive wage and price increases in order to adopt the position that under some circumstances incomes policy could make a contribution to the control of inflation.

Those who hold the market power view of inflation believe that if the economy were made up of competitive firms and competitive markets for labor, then once the pressure of demand was removed, prices and incomes would stop rising and the inflation would come under control.

This has not happened. It follows that it is the absence of competition, i.e., the market power of unions and corporations, which enables them to avoid reacting to changes in market conditions. For the sake of brevity I have caricatured this line of reasoning, but this is the bare bones of it.

Now, if one has in one's mind the most simple example of the traditional competitive firm – a relatively self-sufficient family farm – it is clear that the reaction to a change in demand is as straightforward as an over-simplified demand-pull theory of inflation implies. A fall in demand on a competitive market for farm products would lead to a fall in prices. A farmer who owns his farm and operates with family labor and few non-farm costs might just as well keep producing since it is better to earn something than nothing. Thus output would remain high, but prices would fall and the income of the farmer and his family would fall at the same time. In short, a reduction in demand would lead to a sharp response in the rate of increase of money prices and money incomes. There would be complaints about the instability of prices and incomes, but there would be no unemployment or significant loss of output as a result of bringing the inflation under control.

Once the enterprise becomes more complex, however, with inputs coming from several independent quarters, the reaction to a fall in demand after several years of inflation is quite different. Instead of prices falling sharply in the face of a decline in demand, and production being maintained by an equally strong fall in the incomes of those working, there is a tendency for prices to be maintained or increased while wages and salaries continue to rise. The result is a decline in the growth of output and a rise in unemployment.

It might be thought that this loss of output and rise in unemployment would not last long. After all, once it is clear that there are more people available for jobs than jobs available, it might be expected that competition among wage and salary earners for the existing jobs would lead to sharp downward adjustments, thus reinforcing the effect on prices of competition among firms to protect their share of a contracting market.

In fact, however, these adjustments do not occur at all quickly and smoothly in an economy which has developed considerable inflationary momentum. There are particular cases where the change in circumstances is sufficiently drastic to lead to major price and income adjustments. In general, however, even in those areas directly exposed to market forces, the response is much more sluggish, while in those sectors of the economy more insulated from the market, prices and incomes in many cases show even less response.

When people seen an entrenched inflation persisting in this way well into a period of slack demand they are inclined to focus their attention on some well-publicized union wage settlements, or on the more noticeable increases in the prices of major firms, and to describe the process as one of cost-push resulting from the market power of major unions and corporations.

An alternative explanation of what we have been observing in the last two years or so puts much greater emphasis on the part played by institutional lags in the process of adjustment and by persistent expectations of continuing inflation. In 1969, after a period of over 35 years in which the price level has been moving in an upward direction, a period of nine years of uninterrupted economic expansion and more than four years of rapid inflation, it was not to be expected that it would be easy to change people's view about the likelihood of future inflation.

The fact that you do not have to accept market power as the main explanation of continuing inflation to see a useful role for incomes policy is well illustrated by recent events in the United States. Prior to the decision of August 15th, one of the most forceful advocates of the market power diagnosis was our famous expatriate, the president-elect of the American Economic Association, John Kenneth Galbraith. As I am sure you all know, Professor Galbraith believes quite strongly that recent inflation is particularly associated with the price-raising activities of corporations and to a lesser extent unions. Over many months this view of the economy was rejected by the Nixon Administration and as recently as July 1971, a newspaper article by Paul McCracken, Chairman of the Council of Economic Advisers, described Galbraith's view of the nature of the price system as one still common among uneducated people and unusual only in being held by the President of the American Economic Association and in being described by him as new. Within a matter of weeks, however, the U.S. Government appeared to adopt Galbraith's policy prescription of wage and price control. Was this the result of an overnight conversion to a Galbraithean interpretation of the economy? The answer is clearly no.

The scheme introduced in the United States is a temporary one aimed in principle at virtually all wages and prices, with a degree of selectivity of control being dictated by administrative considerations. The predominant view held in Washington does not seem to have changed greatly, namely that recent inflation is primarily a reflection of continuing expectations of rapid wage and price increase drawn from past experience and only to a limited extent influenced by institutional developments.

The fact that the American program is temporary indicates the difference in interpretation. If one supports the market power view of inflation, then the problem can only be met on a continuing basis by a permanent system of controls, or by fundamental institutional changes which reduce the power of unions, corporations, professional associations and other groups to influence the determination of their prices or incomes. Such institutional changes may well be desirable on other grounds, but given the difficulty of altering the whole structure of our economy, are not likely to provide an answer in the near future. A Galbraithean view of the economy tends to lead, therefore, to a permanent system of controls, while the analysis of inflation of the U.S. Administration leads to a temporary program.

The difficulty of keeping these distinctions clear is well illustrated by the recent report of the Senate Committee on National Finance. There is much in this well-written report with which one can agree, including the Committee's view that given the present structure of the Canadian economy, there is need for greater realism about the level of unemployment consistent with economic stability. Their emphasis on the importance of recognizing lags in the response of the economy to changes in economic policy is also a lesson which bears repeating. My colleagues and I found the discussion of incomes policy much less satisfactory. While the Committee saw some possibilities for the limited use of incomes policy, on the whole they took a negative position towards guidelines and controls. This negative position was in part based on a strong dislike for direct interference in the economy but also in part on the mistaken view that "one basic condition for the use of peacetime controls would be the acceptance by the authorities of a cost-push inflationary diagnosis strongly related to the exercise of market power". Since the Senators are dubious about this explanation and instead stress lags, expectations and international influences in explaining the persistence of inflation, they conclude that there can be no strong case for controls. It will be apparent from my earlier remarks that the view of the inflationary process held by the Senate Committee does not necessarily lead to the Committee's negative conclusions on incomes policy.

Even if one takes the view that, with some exceptions, unions and major corporations are no more responsible for inflation than the rest of us, does it follow that their cooperation is unimportant in helping to make an incomes policy a success if a decision is taken to use it? The answer to that question is clearly no. Those who make decisions affecting a large number of prices and a wide range of wages and salaries are obviously in a crucial position to help or hinder the success of a program of direct intervention. We are seeing a striking demonstration of that in the United States.

When we met with business leaders at the end of 1969 and early 1970 to see whether they would support a program to restrain prices, even in the absence of comparable restraints on wage and salary increases, some of them said that this would be interpreted by the public as an admission of guilt on the part of the business community. These views did not prevail and we went ahead. I think it is a fair statement to say that the public did not in fact put this interpretation on business support for the program. They expected a measure of leadership from those in the community who were in a position to give it. While there was widespread disappointment that this initiative did not lead to a more comprehensive and effective set of arrangements, it was recognized that a genuine attempt had been made to contribute to the solution of the problem.

The aim was to help reduce the loss of jobs and output involved in getting the country out of a severe inflation. If the occasion should arise again, it is to be hoped that the lessons drawn from this previous experience and the renewed and expanded support of all groups in the community will lead to a more effective program for achieving this result.

Dr. Young was thanked on behalf of the Empire Club of Canada by Mr. Charles C. Hoffman.

EDITOR'S NOTE: Since 1965, the cost of living in both Canada and the United States had been rising at what was generally considered to be unacceptable levels. The problem was compounded in 1970 and 1971 when substantial unemployment and unused industrial capacity did little to restrain the rise in both incomes and prices.

This speech by Dr. Young was given only two weeks after the implementation of Phase Two of the U.S. Govern-

ment's comprehensive experiment in mandatory wage and price controls. There was considerable speculation as to whether Dr. Young might give an indication whether controls would be imposed in Canada. Although this question was not answered directly, this address, particularly when read in connection with his speech to the Empire Club on October 30th, 1969, gives an interesting analysis of the evolution of a Canadian incomes policy contrasting it with comparable developments in the U.S.A.

The Prices and Incomes Commission was disbanded on August 30, 1972 and in his valedictory report, Dr. Young warned that if Canada's performance in fighting inflation and high unemployment grew markedly worse than that of the United States, Canada would have to resort to price and wage controls.

Dr. Young repeated his frequently expressed view that an incomes policy could work only if there was a widespread concensus in support of such a program. However he said that "a significant divergence between Canada and the U.S., which looked as though it was going to persist might prompt widespread public support for direct government intervention in the free market economy." According to Dr. Young, these factors could only be judged after the U.S. elections in November (and Canadian general elections called for October 30, 1972) when it would be known whether the U.S. Administration intended to continue with its own system of controls.

DECEMBER 9,
1971

America Besieged

AN ADDRESS BY Dr. Pierre A. Rinfret,
PRESIDENT, RINFRET BOSTON
ASSOCIATES INC.

JOINT MEETING The Empire Club of Canada and the
Toronto Society of Financial Analysts

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

As most of you may know, it is the custom of the President of the United States to have, from time to time, intimate dinner parties at the White House, where leading inernational figures attend and discuss world problems. You are aware that the proverbial "man who came to dinner" at the White House three evenings ago, was none other than our own Prime Minister. Mr. Trudeau came back to Canada two days ago and was happy to announce to the House of Commons that the United States had no political or economic designs on our Country, and that our future independence was assured.

I am sure that this is most reassuring to The Empire Club's distinguished Past President, General Bruce Legge, who will not now have to call out the Militia. Now whether our Prime Minister's statement was necessary or not; or whether it represented the greatest diplomatic breakthrough in history; or whether it was akin to Neville Chamberlain's return from Munich, perhaps depends entirely on your political point of view, and the answer to that question must be safely left to history. The interesting thing about the intimate dinner party, as far as this meeting is concerned, is that there was another native-born Canadian with a christian name of Pierre, in attendance, and that was our guest of honour today, Dr. Pierre Rinfret, President and Chief Executive Officer of Rinfret-Boston Associates. Dr. Rinfret is a man of many credentials, and although he is perhaps best known in the economic and financial forecasting field, after last Monday's dinner perhaps he may well turn out to be a great peacemaker and diplomat as well.

Our guest today was born a Canadian in the City of Montreal. I am sure everyone in this room is aware of the exodus of economists, stock brokers and financial executives from the City of Montreal to Toronto, and other financial centres. Dr. Pierre Rinfret, who has exhibited an uncanny ability to forecast trends well in advance of their actual occurrence, certainly called this one right as he left Montreal at the tender age of four. Educated at the University of Maine, the New York University Schools of Commerce and Business Administration, he received his Masters Degree with honours and won the coveted Fulbright Fellowship, receiving his Doctorate in political economy from the University of Dijon in France in 1950.

On his return from France, he joined the highly respected firm of financial consultants, Lionel D. Edie & Co., where he shortly became Director of Economics. He very quickly made a name for himself among the hardheaded money managers in Wall Street, and other international capitals, and dazzled them all by taking over the Board Chairmanship of his firm when still in his 30's. Four years ago he left Lionel D. Edie and founded his own firm, Rinfret-Boston Associates, which in a few short years has become if not the largest, certainly the best known economic and financial consulting firm in the world.

Allan Ableson, the Editor of *Barron's* financial magazine, once said that there are three broad categories of economists: monetarists, who believe that money talks; fiscalists, who believe that money talks, but only when the government translates; and publicists, who believe that talk is money. Our guest today, whose style would certainly have to be called "freewheeling", refuses to be categorized with any school, but there can be no question that his forceful style and willingness to take a position, has made him perhaps America's best known and most important economic consultant. He has been an unofficial adviser to both Presidents Johnson and Nixon. For when, in 1964, President Lyndon Johnson, in a nationally televised address, announced that he was cutting taxes to stimulate the economy, he justified his move by citing the views of none other than Pierre Rinfret.

Again, when Richard Nixon was campaigning first for the Republican Nomination in 1968 and then for the Presidency, he chose as his economic adviser our distinguished guest, a relationship which has continued on an unofficial basis ever since.

An adviser to Presidents, corporation executives, money managers of all descriptions, Pierre Rinfret prides above all else his independence of thought and the flexibility of approach which is necessary to interpret events without being tied to any rigid position.

Whatever the consequences of the current economic problems that face our two countries, there can be no economist of such international repute who can speak with such authority and forcefulness; and for this reason I have the great honour to present to you Dr. Pierre Rinfret, President and Chief Executive Officer of Rinfret-Boston Associates.

DR. PIERRE RINFRET:

Thank you very much, Mr. President, Members of the Empire Club and distinguished guests:

I want to say something about that dinner Monday night. I want to tell you about that dinner because I think that dinner, better than anything I can tell you, tells the true nature of Canadian-American relations. Forgive me for saying this but I think you have got your hang-ups as much as we have got ours.

We Americans suffer from a persecution complex. The American people, the citizens of the United States, are absolutely convinced nobody in the world appreciates them. You know we say, "Look what we have done for the rest of the world and what have they done for us?" We get upset. And I hear the same thing when I come here, "Look what we have done for the rest of the world and what have they done for us?"

Let us talk frankly. Let us be honest with each other. First of all, in regard to the dinner let me say something to you . . . Read the article in the Globe and Mail on December the 8th. The headline is interesting. It is incidentally totally accurate: Nixon apologizes to the Prime Minister for saying that Japan is the No. 1 trading partner of the United States. He did apologize. Read the article it is incredibly accurate.

Now why did I tell you that story. To give you an indication of the straightforward talk that took place between your representatives and the representatives of the United States.

Let me give it to you very simply. No animosity at all – zero. In fact – and I watched personalities because I believe in reading signs of personalities on people's faces – your Prime Minister came down and my President went up.

Now what I mean by that is each one tried to arrive at a level of personality that the other could live with. The President of the United States actually told a couple of jokes and the Prime Minister of Canada was in fact a little subdued for him.

Now what did I come away with? You won't believe it, you may disagree with it. Mr. Trudeau said that he was not concerned about the United States taking over Canada. Let me tell you something: we really don't want it. We have enough problems. You have got your own. The idea that the United States is embarked upon a protectionist policy is the most rank utter nonsense in the history of our generation. How can you be a major world power and be protectionist?

How can you ignore an economic entity which is on your northern border, the biggest unprotected border in the world, that you have lived with for over 200 years with a common ancestor, common ancestors, and have animosity towards it? How can you do things to your trading partners (and you are the biggest trading partner of the United States in the world) how can you do things to hurt or vice versa?

There is nothing but friendship for Canada and we hope vice versa. Sure we are stupid; sure we make mistakes; sure we do idiotic things. So do you. I haven't noticed that all your policies have been particularly brilliant. I can name a few. . . . You erected a border tax in 1962. I didn't notice American industry going around wearing sack cloth and ashes. They said, "You erected a border tax . . . okay we know how to get around it. How do we get around it? We will invest our capital in the country and to hell with the border tax." And they did.

Of course you then screamed "They are taking over our country."

Let me tell you something. . . . You want to put money in the United States? Come ahead. We will take everything we can get right now and I am very serious about that. We need capital inflow desperately.

There is no animosity. In fact I think very candidly that if I ever saw it in person I saw nothing but mutual respect, mutual agreement to talk and the development for the first time of mutual understanding.

Let me finish with one point. You have to admit that when the President of the United States apologizes in front of guests to another head of State he has eaten quite a bit of humble pie. I never thought of all people I would ever see Richard Nixon apologize for anything but he apologized to the Prime Minister of Canada. Of course he used a weasel-out and I must tell you about it.

He said, "Well, I really didn't mean that. What I meant was that Japan is the largest *overseas* trading partner."

Now let me remind you of one fact. Your country and ours economically are tied together. Your industrial production index moves up with ours and ours with yours. Yours move down with ours and ours with yours. The trends are similar, the cycles are similar. Your problems are virtually identical with ours. You have an unemployment problem, you have an inflation problem. We have an unemployment problem, we have an inflation problem. We export some of our problems to you. You export a few to us. The destinies of the two countries economically are tied together for better or for worse.

If American economic policies of stimulation are successful it will accrue to the rest of the world. If they are unsuccessful the rest of the world will suffer. If we cannot get the American economy up the rest of the world will suffer because the United States by its size, not its intelligence or brilliance, but by its size is a major market and when that major market is not doing well the people who sell to it do not do well; and when it is doing well the rest of the world does well.

We are tied together for better or for worse and there are a substantial number of responsible people in the Government in the United States who fully realize that.

Let me make one final point. I am an economist. I am not a citizen of the United States and was born in Canada. I am an economist and I call it like I see it. I don't care whose feelings are hurt. I am proud of one fact: I am the only economist in the United States who warned one year ago that the United States was going to hemorrhage in its balance of payments and the people would say to me, "What will be your deficit in 1971?" And I said, "Fifteen billion dollars." They said, "Oh, you know him, he loves to be flamboyant." Boy was I an amateur?

We have problems in the United States. Only a fool would fail to understand that. We have some very serious problems but we are beginning to resolve them.

And so I talk to you and forgive me for saying it but I think in some ways my background is unique. Born in Canada, grew up in the United States, educated in France. You got to admit that was not a gingoistic environment. You know my children are educated in Europe for a simple reason. I don't want them to have only an American point of view because there is a lot of knowledge in the rest of the world as we all know.

Now many of the things I am about to say to you I have said before. I am not about to say much that is new but I want to put it in perspective.

Let us look at the American economy prior to August 15th. First of all, let me tell you a fact you don't know. In the newspapers – and I am not faulting the newspapers because this is what the Government reports to them – the American Government says that it had a trade deficit in 1971 for the first time. That is a totally erroneous statement of fact. The United States has had a balance of trade deficit since 1966. There is available in the United States a set of trade statistics which are compiled by the Department of Commerce at the request of Senator Long. If you don't remember who he is and I always have trouble . . . He is head of the Senate Finance Committee. He asked the Department of Commerce about six months ago: what are the trade statistics of the United States if we withdraw the military and economic aid for which we receive nothing. I don't know if you know this but when we give money for economic aid – and I am talking about gifts now – we turn over a billion dollars – it used to be India and that says something about economic aid – if you give a billion dollars to India and you have no purchase of commodities in the United States that was a net gift dollar outflow.

Well, we calculate our statistics very well. You know what we call that? We call that a commercial export. I once asked the question five years ago "How do you figure it?

We gave it away and you guys call it an export. Now if you export it you get something back – right?"

They said, "That is an export of capital." And I said, "Damn right it is."

Now if you take out our economic and military gifts, you find we have had a trade deficit since 1966 and the deficit in trade this year will not be the four billion dollars that the Government reports, but somewhere between eight and ten billion dollars.

Point one: the trade problem is old. Now I am not surprised by it. Everybody knows what has been happening to American labour costs, American productivity, unit cost of production.

If we were so bad as we are how could we conceivably have a commercial export surplus until last year? The answer is we didn't.

These are now the official statistics of the Department of Commerce and when Commerce was asked why don't you publish them they gave a lovely equivocal answer: they didn't want us to publish them. They are available in the Congressional Record.

Now why? There is a substantial element of the American economic fraternity who are ignorant of international affairs, who really have no interest in the American position on balance of payments, who do not understand it and therefore ignore it.

I write economic studies and let me tell you what some of my American clients said to me six months ago when I kept writing on the coming hemorrhage. You can believe it or not. Some of the biggest money managers in the world – and I am talking about people who manage five, ten and fifteen billion dollars – literally called me up and said, "Pierre, for God's sake don't write on the balance of payments. Who cares?" I said, "Baby, you will. You will." They said, "But I don't understand it." How do you understand something in which you have no interest?

We have had a problem and we paid no attention to it because frankly we train very few of our people in it. We just don't care. That is when you assume you are dominant. That is point one.

Point two: we forgot something. I made this point five years ago. We forgot that the rest of the world was making material and substantial economic progress and many of them were making more than we were. We had – and I hope you will forgive this expression – what I call "Marshall Plan liberalism".

The great United States in 1946, suffering from the fact that it had won the War because it had guilt complex very quickly thereafter, went out to reconstruct the economies of the world: Germany, Japan, France and England. They forgot something. Fifteen years later those countries were more productive than the United States. Our productivity in 1970 was 0.7%, 7/10ths of one per cent increase in output per man hour and in 1970 in Japan it was 8% and in Germany 4½ to 5%. And we are going to help their economy. We didn't realize the world had changed economically. We continued on a road which failed to realize the world had restructured itself and we had not.

The third point, which you all know, and which I made in 1966: the absolute folly of Viet Nam. Let me remind you in Viet Nam it costs us in balance of payments terms, five billion dollars a year, net capital outflow from the United States. I will tell you a story about how we discovered where all the money was going. It was a total accident. I am very proud to say that I discovered it and it was a total accident.

I went to the University of Dijon, as your President said, and spent two lovely years there. Liquidity-wise it is an incredible university. You may recognize Dijon is the capital of the Burgundy wine region. I lived in a state of total euphoria for two years. I went to school with a young man whose father happened to be head of the Secret Service of France and he was a fabulous guy and I knew him and he helped put me through College in the early six months.

When I went I spoke French but it was pretty bad and he let me have all his notes and so we have stayed very good friends.

Well, in 1967 I visited him in London and I asked him a question. I said, "Tell me something, where is France getting all the gold? Where is she getting all the dollars from?"

He looked at me and said, "Are you kidding?" I said, "No, I am not kidding. Henri, tell me where are they getting all the dollars? Why is their balance of payments in such extraordinary good shape? It shouldn't be. It doesn't look right." He said, "Let me ask you a question: what is the name of the Bank I work for?" I said, "Oh my gosh. La Banque d'Indo Chine." The Indo China Bank. It was the only bank in Indo China. All the money the Americans were spending in dollars in the war was going in the Bank of Indo China in Viet Nam and they were sending it back to France. The French turned around and demanded gold and they got it.

I came back to the United States and told the Secretary of the Treasury and he said, "What would you do?" I said, "Let's put some American branches in there." You may remember in fact we got ten American branches to go including the Chase Manhattan Bank. That is how they got some of the money.

The folly of Viet Nam cost us five billion dollars a year and even now it is two billion dollars a year.

And finally the fourth point: to be honest the political leaders of the United States did not care about the economic strength of the dollar. They did not care about the international value of the dollar. They had one interest: how do you use the dollar to achieve political objectives.

Remember the phrase – they don't use it any more but it will come back I assure you, it is going to come back – "dollar diplomacy". Remember that old phrase? You used your dollar to achieve political objectives. Now that is fine as long as the dollar is strong and very frankly, and from our point of view, and you may violently disagree, we gave and gave because we were getting political achievement in spite of commercial deterioration.

If you said, "Which one do you want?" to the political leaders the first requirement was his political objective and the second was his commercial. I won't go into chapter and verse. I could tell you about Toyota cars; I could tell you about selling televisions in the United States less than in Tokyo; radios less in the United States than in Tokyo; export cars to them and they charge us $500 customs duty and we charge them $100; and I can go on and on.

Barriers against us in the United States while we had no equivalent barriers against the rest of the world. The violation of the steel agreement, the violation of the textile agreement, chapter and verse down the line.

Why? Our Government did not care about the commercial importance of the dollar. Now what does that mean? Well, the United States is a big country, we do things in a big way. So in the first quarter, after all not to be pikers, you know, we really let go. We only ran a 23 billion dollar deficit in trade. Just minus 23 billion. In the second quarter, feeling a little gayer, minus 25; but the third quarter was unbelievable – minus 48 billion dollars. You know, forgive me, that is half your gross national product. We were running that amount as a deficit in world trade and then people say "Why did you take those moves?" How large a trade deficit and capital deficit could we run? 100 billion? We had 10 billion bucks in the kitty. You have got to admit that is known as leverage.

We had 10 billion dollars in gold, 40 billion in short term liabilities. Of course, we are loaded in long term assets. Did you ever try and sell a long term asset when you got a current liability problem?

Incidentally, do you know this? This is one of the suggestions of the French Government to the United States Government. Are you ready? You can verify it because I have: that the French government should take over all the

American subsidiaries in France and they would give us francs for them. They said, "That would solve some of your problems." We said, "Thanks a lot. Very nice of you." 48 billion dollar deficit in the third quarter. Now we were hemorrhaging, hemorrhaging.

Now we are standing there watching this beautiful deficit and Dr. Burns is getting scared stiff. One of the Government's of the world chose the 12th of August to be nice to us. They asked us for four billion dollars in gold. We had ten. They said we have got four billion dollars in dollars and we have a problem with the IMF. We would like physical gold four billion dollars. This happened at 2.30 on Thursday 12th of August. You can imagine Dr. Burns got a little concerned about that and he picked up the phone and he called the President of the United States and at 3.30 they began the meeting at Camp David on Friday the 13th of August.

Can you imagine if we had let them have the four billion? How fast do you think the other six billion would have left? You know what you would have had? I will give it to you bluntly. If we had not closed the gold window you would not worry about 850 on the Dow Jones you would have a 1929 crash in the world today right now. Can you imagine if the United States lost its entire gold stock and then they were still out 40 billion dollars. What would have happened to the world monetary system with the dollar left with no gold?

I think you would be in a depression. I think the United States would be in very serious economic difficulties.

The second point, we were in domestic economic trouble. Our economy during the third quarter, a really dismal economic performance. The industrial production index is below where it was two years ago. Unemployment back to 6%.

Now the President moved. What did he do? He closed the gold window. He had to. He couldn't turn over four billion, 40% of his stock. Then he put on the border tax.

10%. Why? It is a signal. It is not a border tax and that it what people don't understand. It is a signal we realize the seriousness of our historic stupidities. Now there you are.

The world looks at us. Let me remind you what the world said that would happen as a result. First, the United States by imposing the border tax would immediately start a trade war. I have a question: where is it? Four months later where is it? Oh, Denmark put on a border tax and I am sure that worries all of us. Where is the trade war? Did France retaliate? Did Germany retaliate? Did Japan retaliate? Did Canada retaliate? No. Why not? One reason is this time we all go together. You start that and there is no central banker in the world who thinks you can stop total deterioration in the system. Let me remind you in 1928 when the French decided that the pound sterling was too high and they would knock it down by short selling sterling. Read the diary of the Governor of the Bank of France.

In 1928 he said, "I had a discussion this afternoon with M. Caré and we decided that the pound sterling was too high in value. The English were not being fair to us in the railroad developments in Austria and we were not getting our fair share. Therefore we would sell the pound sterling short and put it down to where it should be relative to the franc. If sterling gets in trouble we will survive." Does anybody in the world believe that today? No. That is point one.

Point two: the United States would start a world recession. Let us look at some facts. There is a recession in Germany; there is a recession in France; there is a recession in the United Kingdom. I don't know what you call yours, I would call it a recession. When did that start? Why don't we look at the record? Germany imposed a 10% surtax to stop her economy from expanding. Beginning in April her rate of growth declined. Italy a year and a half ago began to put on the screws to turn her economic system down. Of course they are Italian, they got emotional, and industrial production is now down 17% from its preceding high. I always tell my lovely, wonderful, fabulous Italian wife that is just like you!

The English . . . did we start a recession in England? You know they have been working at it for two and a half years and I am very serious . . . They are delighted now they have got substantial unemployment.

And Canada . . . did we start it here or did your own Government decide you had too much inflation and they were going to teach you all a lesson by tight monetary screws, tight fiscal screws. Every Government in the world, including the Americans, fought over this for three years.

And finally the fourth point: the United States is inflexible, doctrinaire, theological and unbending. I will ask you one question. Is the United States willing to change the price of gold? Absolutely. We frankly don't care about the price of gold. We are not going to buy it or sell it at any price. You know we will let them determine any price they want at which we will not buy or sell.

Now I will tell you what happened in Rome. The Secretary of the Treasury went to Rome and everybody, of course, bombed him on this ridiculous fact that he would not change the price of gold and he sat back . . . and he is a beautiful Yankee trader, really he is a magnificent man . . . He sat back and they bombed him and bombed him and bombed him and he looked D'Estaing in the eye and said, "How much devaluation would you like? 10%?" D'Estaing almost fell off his chair. You know that the English say, "Don't devalue more than 5% because 10% is too much."

We have said we will remove the border tax. Now let me tell you about the inflexibility on the other side. When the United States closed the gold window and put on the border tax the Japanese Government said, "We will never revalue the Yen" and the Americans, being very clever, said, "Fine. Take my dollars." The Japanese Government in one week bought two and a half billion dollars and we were delighted, we sold them more. The French said, "We will never revalue the franc." Of course the Germans then said, "We will never change the mark."

Now let us look at the record. The Japanese revalued 11%, the Germans revalued 11%, the French 5%, the English 4%, and I notice your currency changed modestly since the last couple of times I was here. The Japanese said, "We will never sign a textile agreement." I wrote the first textile agreement incidentally . . . Not that I liked it, but when the President of the United States says, "Do it", you say, "Yes, sir".

I wrote the first. The Japanese said, "We will never sign a textile agreement." Interesting . . . After we put on the border tax we got a textile agreement. Of course, the United States then is using muscles. Every currency is revalued, the textile agreement, the United States went back to Rome and said, "We will revalue".

Now what is going to happen? Let me give it to you very simply. There is one new element in the United States, I will not deny this to you. There is a totally new element in the situation and I will tell it my way. The day that the United States is rich internationally is over. We are broke. If we were a private corporation we would have gone into what the United States calls Chapter Ten Bankruptcy. I am serious. We cannot meet our short term obligations. We would have declared bankruptcy but because you are a sovereign state you can get away with it.

The day of the United States being liberal internationally is over. Every deal from now on is to be a commercial transaction. There is no more big brother, big father, big uncle. It is: you want? What are you going to give? You want something? Give it back. Let us trade. I am not going to be your benefactor and you are not going to be my slave. Let us trade on a commercial basis.

Conclusion. First point. For the first time in 25 years the international economic posture of the United States will take place on a commercial and not a political basis. That is what the world is finding hard to understand. You notice what we are doing on foreign aid. We are cutting it. They cannot get a Bill through. Very simple reason we haven't got the money and Congress understands this. You notice what we are doing all over the world, we are cutting back.

Point two. The United States will change the price of gold. The price of gold will go to $37–$38 an ounce, no more. Not because the United States is not willing to go to $38.70. They are. Europe doesn't want us to go to $38.70, particularly the British. They want $37–$38. I talked to the Bank of England and the Bank of England said "I will tell you the number. It is 5.04545." I said, "What is that?" He said, "$37 an ounce." I figure when he could say it to six decimal points he knew the number pretty good.

Third point. There will be an agreement, that is an accommodation, by the 17th of December. The world will agree in principle on a temporary working solution by December and if they don't they will extend the meetings in Washington. It is going to be done before the end of the year.

Fourth point. There will be a new Breton Woods. That will take a year. They can't sign a formal agreement of that complexity in two weeks.

Finally, all currencies will change but one thing unfortunately, and I am very unhappy about this, that will not change. The dollar will still remain the basic currency. I would like to see it end its days as the basic currency but it will remain.

Now rather ironically the rest of the world insists on this. That means that we will have more revaluations and devaluations against the dollar and that upsets me but right now we cannot change that and the rest of the world is not willing to change it, despite all of the talk.

One thing comes out. The world is in a state of masochistic pessimism and I believe this strongly.

The United States is beginning to resolve its economic problems. Beginning. I didn't say they have resolved them. Beginning. For the first time in my life we found out that the international posture of the United States is important in a money sense. We grew up a little bit in this crisis. We realized what we did affects the rest of the world. About time we learned that but we have learned it and I don't think the lesson is going to be easily lost.

The American domestic economy is beginning to move forward. I don't know if you watch Retail Trade. It is lousy. It is only up 13% over a year ago for the last 12 weeks in a row and this guy from Ford can get up and say what a lousy economic posture the United States has got when he is cranking in the best automobile year in his entire history. It just shows you the stupidity of pessimism. The rule of masochistic pessimism which you have got in Canada and the United States is if you can interpret anything interpret it negatively.

The President of Ford says that the new economic plan is a disaster. Last week they had the best production year in the history of the automobile industry and he got a special 7% tax cut but he doesn't like it. Masochistic pessimism. The American economy is recovering.

Now finally you will see progress in the United States in 1972 and I will give it to you simply: (1) less inflation. (2) lower increases in wage rates. (3) increase in the real GNP of at least four and a half per cent in real terms. I don't think it will be as high as 6%. Some people do. I don't (4) corporate profits this year up 10 to 12%; next year 15 to 20%.

I think we are beginning to move forward and most important the impact of the war on the American economy is beginning to disappear.

Now forgive me for a moment for being American. If our economy in the United States recovers, and it is, is that so bad for the rest of the world? Which would they rather have: our demise and take them down with us or our recovery and take them up with us?

I remind you of what I said at the beginning: better or worse, like it or not, we are tied together. We know it. We understand it. We realize it. The United States posture has been necessitated to stop a hemorrhage. The moment the new world agreement comes in we will resort to the kind of posture we have had historically. I thank you very much.

Dr. Rinfret was thanked on behalf of the joint meeting by Mr. James Clarke, President of the Toronto Society of Financial Analysists.

EDITOR'S NOTE: Four days prior to this address, Prime Minister Pierre Elliott Trudeau led a cabinet level delegation to Washington in an attempt to resolve the difficulties that had clouded Canadian-American economic relations. President Richard M. Nixon invited the Canadian delegation to an informal dinner at the White House. One of the prominent guests was Dr. Pierre Rinfret, a native-born Canadian, but now a resident of New York, who had been President Nixon's economic adviser during his campaign for the 1968 Republican presidential nomination and in the subsequent election campaign.

In this address, Dr. Rinfret, who can be considered to be close to the thinking of the United States Administration, recounted the circumstances which led to the imposition of import surcharges and the other economic measures announced by the American Government on August 15. (See Editor's Note on page 57.) This address, along with Mr. David Rockefeller's the week following, explains the American point of view on this difficult subject. (For the views of leading spokesmen of Canada's three political parties on this subject, see the speeches by Messrs. Stanfield, Lewis, and Turner on pages 46, 60 and 71 respectively.)

Dr. Rinfret's predictions for a realignment of world currencies, including a floating Canadian dollar, were substantiated following the general accord reached by the Finance Ministers of the ten leading free-world nations at Washington only nine days after this speech was given. (See Editor's Note on page 136.)

DECEMBER 16,
1971

The World Monetary System: A Pattern for the Future

AN ADDRESS BY David Rockefeller,
CHAIRMAN OF THE BOARD OF DIRECTORS
AND CHIEF EXECUTIVE OFFICER,
THE CHASE MANHATTAN BANK

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Members of The Empire Club cannot help but have noticed that we have more than our usual number of bankers at the head table today. This is one of those rare occasions when the chief executives of Canada's chartered banks come together and where their smiling countenances hide what is perhaps otherwise a very fierce competitive spirit. You will also have noticed that we have our Provincial Treasurer, Honourable Darcy McKeough and two former Ministers of Finance here with us as well.

Speaking of Ministers of Finance, one automatically thinks of income taxes. Members of The Empire Club are no doubt aware that we are very rapidly approaching that time in the new year when many members of our Club contemplate, often with some trepidation, making that annual pilgrimage to their friendly banker in order to raise the necessary sustinence to satisfy the insatiable appetites of the Department of National Revenue.

I am happy to be able to announce to you that your friendly bankers will once again do their very best to effect this happy reconciliation between members of The Empire Club and the revenue departments – but as far as this meeting is concerned, you are allowed to look, but you must not touch. All formal approaches must be made through regular channels.

Our guest today is Mr. David Rockefeller, Chairman and Chief Executive Officer of the Chase Manhattan Bank. He comes to us at a time when Canadian-American relations are perhaps experiencing one of those rare periods of strain, that always characterize a relationship which is basically warm and enduring.

As our good friend Walter Gordon can confirm, David is not the only banker by the name of Rockefeller who has ever paid a visit to Canada.

One recalls the story of the western pioneer farmer, who in those early days homesteaded a quarter section on the boundary between Saskatchewan and North Dakota. He spent almost his entire life not knowing which side of the border his farm was located on. Finally, when the International Boundary Commission completed their survey, he was told that his homestead was on the American side. When informed of this he thought about it for a moment, paused, and then said, "I'm so glad – I always heard it was so cold up there in Canada."

I hope, however, our guest will not find the climate too cold for him during his visit, and I know I speak for all of you when I wish him the warmest of possible welcomes.

David Rockefeller was born in New York City, educated at Harvard; The London School of Economics and the University of Chicago, where he received his doctorate in economics. At a very early age he exhibited a strong interest in public service, and on graduation became the Private Secretary to the great reform Mayor of New York City, the late Fiorello H. Laguardia. In 1942 he enlisted as a Private in the United States Army and served with distinction in

North Africa and France, being discharged as a Captain and receiving the Legion of Merit; the United States Commendation Ribbon and the French Legion of Honour.

On his return from the war he joined the Chase National Bank and rapidly assumed positions of increasing responsibility. When the Chase National joined with the Bank of Manhattan, he became an Executive Vice-President of the combined organization, becoming President of the Bank in 1961, and Chairman of the Board of Directors and Chief Executive Officer in 1969.

During his career with the Chase Manhattan, Mr. Rockefeller gained a world-wide reputation, not only as one of his country's leading bankers, but as an articulate spokesman on business, international and community affairs. He has first and foremost insisted that the Bank which he heads continue to be a good corporate citizen.

It goes without saying that there are many success stories in American business and the story of David Rockefeller is certainly one of them. But what makes our guest today stand apart is his deep felt conviction that the constituency of a great corporation must be broad enough to include service to the entire community, including those, and yes – perhaps especially those – who are less fortunate, so that the promise of America can become the reality of mankind.

He, perhaps more than any other, typifies the best traditions of American business, and for this reason I have the very great honour to present to you Mr. David Rockefeller, Chairman of the Board of Directors and Chief Executive Officer of the Chase Manhattan Bank.

MR. DAVID ROCKEFELLER:

It is a great pleasure for me to be back in Toronto, enjoying your traditionally warm hospitality and exchanging views in these congenial surroundings with so many good friends and neighbors to the north.

My observations here today will be primarily those of a banker and a concerned student of international affairs. In a way, it is entirely appropriate for me to offer my views as a banker here in Canada because it was a uniquely Canadian influence that guided me to the banking "persuasion".

Shortly after completing my formal schooling and before I had yet narrowed my interests to any specific career, I sought out a conference with a man who was a close friend of my father's and whose judgment I and the world greatly respected. With characteristic courtesy he listened to my general statement of concern and ambition and then counseled me to go into banking. This was hardly what I had expected from a man who made his own invaluable contributions to society in the field of government service. But, as you can see, I found him most persuasive. So, to this day, I am deeply indebted to your very distinguished former Prime Minister, William Mackenzie King, for his thoughtful and perceptive counsel.

For a few minutes I would like to review the underlying reasons for the deterioration in monetary conditions that has occurred over recent years. Then I would like to offer my own observations on the uncharacteristic strain this has placed upon world economic ties in general and especially upon the traditionally close ties between our two countries.

Finally, with this week's announcement of the impending devaluation of the U.S. dollar fresh in our minds, I would like to propose some additional ways of restoring a more flexible monetary system – a system that would reflect changes in the world economy since the days of World War II and would be better adapted to our needs in the 1970s.

There is scarcely a meeting of bankers, businessmen or government officials anywhere in the world today, from Camp David to Ottawa and from Rome to the Azores, that doesn't turn to a spirited examination of the monetary crisis in one form or another. This year's meeting of delegates from the International Monetary Fund nations provided a particularly vigorous exchange. Those of us who attended the session in Washington were reminded once again of the critical interlocking role that money plays in the economies of nations and trade relations between them. The dependence of business prosperity on monetary stability was frequently alluded to. There was unanimous concern about the impact of unilateral economic adjustments on employment, prices and profits in other countries – since all of these elements are closely tied through international exchange rates.

Many of those present condemned President Nixon's economic moves of last August 15 as brazen beggar-thy-neighbor policies and ominous harbingers of neo-protectionism.

I believe that these interpretations miss the point and reflect too much concern with surface symptoms and not enough with an attempted preliminary response to the underlying cause of recent global monetary disorders.

Certainly, there is nothing to be gained by trying to assign blame for the monetary ills we have been suffering from. They have arisen from a complex set of causes. The task is to deal with them calmly and collectively. Discordant voices from all sides only confuse the diagnosis and delay progress toward a cure.

As a first step we should all agree to tone down such unproductive rhetoric so that we can concentrate on ending the series of crises which in the past few years have put in jeopardy the unity and stability of the world's economy.

After that, the primary task, as I see it, will be to utilize our combined wisdom and energies in restoring greater and more lasting certainty to international exchange and trade.

President Nixon's new economic plan has produced protest around the world. Two features, in particular, have provoked an unaccustomed abrasiveness across the Canadian-U.S. border – specifically, surcharging by 10% certain categories of U.S. imports and restricting the tax credit on investments to U.S.-made machinery and equipment. So far as I can determine, the suspension of the convertibility of the U.S. dollar into gold, which the President also announced, has not generated as much criticism either in Canada or abroad. The international consensus seems to be to accept this move as having been necessary and, indeed, unavoidable under the circumstances.

It must be recognized that these measures, together with the imposition of a temporary wage-price freeze, were taken at a moment when a severe monetary crisis was threatened and were designed to control a runaway domestic inflation and to improve the U.S. balance of payments position. Such drastic steps were taken only after a stubborn inflationary wage-price spiral had failed to respond adequately to traditional fiscal and monetary restraints. Moreover, the U.S. balance of payments deficit had reached truly alarming proportions. At the time of the President's move, the U.S. was in the midst of a third quarter which proved to be the worst in our history, posting a balance of payments deficit in that quarter alone of over $12 billion. This was more than double the deficit in the preceding quarter and was higher than the deficit suffered during any preceding year.

The point I would like to underscore, however, is not the adverse impact that such an imbalance has on the U.S. domestic economy, but the very real threat it represents to the world's overall financial and trade structure. The world may well question the propriety of there being any one country whose internal economic stability and non-inflationary growth are essential ingredients for the recovery of a healthy international monetary and trading climate, but this is nevertheless the case at the present time.

Such a role fell to the United States following the Second World War because it was the only country with sufficient productive capacity to generate the material and financial resources required for the post-war reconstruction of Western Europe and the Far East. This role was formalized at Bretton Woods where the relationship of the U.S. dollar to gold was fixed and other national currencies were tied at fixed parities to the U.S. dollar.

In retrospect, it now seems clear that the Bretton Woods monetary system, though it did serve the world well by providing the financial mechanism which facilitated more than two decades of unprecedented world trade, investment and economic growth, nevertheless contained a fatal flaw. Because the U.S. held such a preponderance of the world's gold stock at the time, it took for granted that the depletion of our stock would never constitute a problem. In short, it did not foresee the possibility that we would suffer from persistant balance of payments deficits in the magnitude we have experienced.

Over a twenty-five year period, because of economic assistance, military assistance, large scale capital investments and a deteriorating trade balance, there came to be a surplus of dollars where once there was a shortage. These surpluses found their way into foreign central banks where they became claims against U.S. Treasury gold. When larger claims were outstanding than could be paid for in gold, the world monetary structure began to weaken.

Attempts were made to prop up the system with an assortment of agreements, controls, and a proliferation of U.S. balance of payments restrictions, but these were palliatives which could not correct the basic weakness of the system. Finally, last August, President Nixon had no choice but to suspend the convertibility of foreign held U.S. dollars into gold. Thus, dollar inconvertibility into gold came internationally some 37 years after President Roosevelt suspended domestic dollar convertibility in 1933. In effect, the suspension of gold for domestic monetary purposes at that time was a kind of Phase I in the continuing momentum toward the eventual world demonetization of gold. Phase II came last August 15. At this point, once an interim settlement is reached, it behooves us to reexamine the whole system of international monetary arrangements.

In the meantime, a stabilized and healthy U.S. domestic economy continues to be important to prevent further deterioration of world monetary relationships. In the interest of expanding trade and healthy economic growth it is just as important to the rest of the world as it is to the U.S. that we stabilize our prices and wages and resume a normal rate of expansion.

At this point, I would like to turn to the matter of Canadian-U.S. economic relations and, in particular, to the difficulties posed by the U.S. new economic policies.

The long-term benefits to the world trading community from an improved international monetary and trading climate apply with added force to Canada because of your proximity and close economic ties with us.

It is perhaps because of our very closeness that we sometimes tend, almost unconsciously, to think of our economic relations in a bilateral rather than a multinational perspective. It is understandable, therefore, that a number of concerned Canadian spokesmen have tended to interpret the President's new policies not so much in terms of the eventual international benefits to be gained, but in the perspective of possible immediate problems for Canada.

Your concern over a diminished trade balance with the U.S., a possible rise in unemployment or a relapse in your gradual recovery from inflation has struck a sympathetic chord with many of my countrymen since we are currently embroiled in these same problems. I am deeply gratified to note, however, from more recent reports that the effect of the new U.S. policies on the Canadian economy has not been so alarming as initially anticipated. This is due, in part, to certain timely internal actions taken by your government, including the adoption of new tax benefits and public works expenditures, as a safeguard against internal economic setbacks.

The net effect, we are pleased to see, has been the slow but steady recovery of your economy, with a continuation of the trend toward an easing off of inflationary pressures.

Though it is still a bit too early to form firm judgments, preliminary indications are that the U.S. new economic plan will work a similar turnabout for us and will get our economy onto a sound productive basis again by next year.

Certainly, we still have serious employment problems in both our countries and specific bilateral agreements such as the 1965 auto pact and various energy resource development accords will continue to receive special attention. But I believe it is fair to say that our domestic economies are now stronger and our mutual understandings of one another's problems are now greater than they were only a few short months ago.

With regard to Canada's action a year and a half ago in floating its currency, and allowing it to reach more realistic parity with the U.S. dollar, I think this was a very constructive step. Indeed, it was a forerunner of what others eventually decided to do.

For the sake of greater certainty in business planning, however, I would hope that, with a settlement, Canada would return to a fixed rate. In the past, our two economies have benefited greatly from the close integration of financial and commodity markets. Canada may have gained some advantages by floating its currency during a period of exceptionally high inflation in the United States, but it is by no means clear that this would remain the case after we have restored better economic performance in my country.

Having reviewed the background to our current monetary disorders, and the effect it has had on the special relationship between our two countries, I would like to conclude by offering my own thoughts on where we might go from here.

What is required for the short term is a negotiated accord on a satisfactory realignment of exchange rates. I am very much encouraged that this has been brought closer with President Nixon's acceptance of the need for a moderate change in the official relationship between the dollar and gold as part of an overall monetary accord.

This accord should include plans for defense burden-sharing and adjustment of investment and trade barriers including the U.S. surcharge and the "Buy American" provisions of the investment tax credit. I think we should recognize that this will necessitate concessions by all of the participants in the negotiations.

Admittedly, there are some issues which cannot be quickly resolved. These will require further study and negotiation, leading to a broad restructuring of financial, and trade arrangements. Certainly, the recent meetings of the Group of Ten nations and the summit meetings with your Prime Minister and President Pompidou have provided heartening groundwork for such restructuring.

Once a semblance of order has been restored in the world monetary system, we should turn at once to the more complex long term challenge of developing a general accord on fundamental revisions of the monetary and financial structure. Perhaps wider bands of permissible exchange rate fluctuation for temporary periods will be necessary. This would allow for greater independence of monetary policy as may from time to time be necessary, or for the adjustment of payments imbalances in certain cases. We should also work toward agreement on a set of new reserve arrangements which would strengthen and bring to the fore some variation of the Special Drawing Rights, or SDRs, the so-called "paper gold", created by the International Monetary Fund. Before raising the monetary status of SDRs, however, some public education will be required. According to economist Henry Wallich, there are few people who fully understand SDRs because so many who tried went insane. Briefly, to borrow his working definition, SDRs are banknotes issued by the International Monetary Fund to be used only by central banks and government to pay for payments deficits.

It seems to me that, with appropriate revision of existing monetary arrangements, SDRs could be used not simply to supplement key currency reserves and gold, but more importantly in the longer run, to supplant them. This is not to say that dollars will be displaced by the SDRs in all of their important market functions. But some countries may prefer another asset in place of some of their central bank dollar balances, particularly as the dollar is unlikely to be restored to gold convertibility – even theoretically.

A corollary, but longer-term objective, in my view, should be to devise a system which will make possible an increased scale of aid to the less-developed nations, improve the process of adjustment to international changes through greater use of fiscal policy, and remove barriers to trade and investment. Liberalization of trade arrangements – with uniform international safeguards and rules of the game – could open broader markets for all countries. In the evolution, certain countries, such as Japan, would have an opportunity to revise their own priorities and gradually shift their emphasis from trade surpluses to meeting the social as well as the infrastructure needs of their growing domestic economies.

In prescribing the removal of barriers to trade and capital flows, I do not mean to exclude the United States, which clearly must also show a willingness to negotiate reasonably on trade concessions, and not expect that all the dropping of barriers will be done by others.

Even with the best of solutions to broad issues of international payments and trade, the changes which are inevitable will pose difficult transitional problems for individual industries and companies where final arrangements must be credible to labor and sensitive to a variety of other concerns. An agreement on trade adjustment procedures might well be added to the list of overall objectives. The goal should be not to avoid such adjustments, but to learn to roll with the punch. What is needed is a new set of rules for all countries which provides time to accommodate to necessary economic adjustments. In the years ahead, all trading nations will remain potentially vulnerable to a sudden inundation of specific markets. We need to work on an orderly and efficient way of shifting our capital and labor, so that all may benefit from a prospering world economy.

While the Group of Ten leading industrial nations are deciding on the right tactical steps for resolving immediate problems, I believe we should seriously consider establishing an International Commission to formulate the longer-term strategies for improving the world's overall monetary, trade and investment relationships. This Commission might address itself to a redefinition of official currency parities in terms of a new international currency unit, perhaps SDRs. It might also consider reforming the role of internationally-created central bank reserve assets. Hopefully, it would also examine more thoroughly the possible advantages and disadvantages of widening, or even narrowing, exchange rate margins.

While it is unrealistic to assume that all our monetary problems can be solved quickly, it is nevertheless essential that we lose no time in moving ahead. Protectionism is not a patient infection. Failure to eradicate it promptly could lead to a widespread epidemic of new barriers against trade and investment which, in turn, would have a sharply adverse effect on the health of domestic economies everywhere. If business slows down and unemployment rises, governments will become increasingly hesitant to inflict painful remedies on their own economies by making upward adjustments in the value of national currencies. The inward-turning virus of protectionism and a self-defeating nationalism will have more time to take hold. So the sooner we can reach agreement on the preliminary stages, the better it will be.

In this connection it may be appropriate for me to mention my concern not only with the growing forces of protectionism which threaten international trade, but also my concern with the rise of anti-foreign nationalism which imposes inequitable restrictions on foreign investment. The Canadian economy, and before it the United States economy, greatly benefited from historically friendly environments which encouraged foreign investors to help develop the available opportunities for private business and industry.

In many areas in the world, however, the forces of anti-foreign nationalism are now threatening to distort or displace the competitive market mechanism. In spite of its imperfections, the market system has proven itself to be the most efficient regulator and allocator of the trade and investment process. Whether directed against foreign trade or foreign investment, these forces tend to represent a disguised form of protectionism. In my view, the economic environment should continue to encourage the use of savings for such investments. They are necessary to ensure that the most efficient and productive economic system yet devised be permitted to continue contributing to the future welfare of all our citizens.

It seems to me of overriding importance, however, whether we are weighing monetary reform through an International Commission or imposing unilateral adjustments in trade and investment patterns, that our judgments should be tempered by a fundamental concern for those two-thirds of the world's people continuing to live in poverty. In the evolving world economy, plans for the growth of the richer nations must also take into account the needs and aspirations of the developing societies. Our longer-term goals must be the free flow of trade and investment, monetary stability and worldwide economic growth leading to a better life for all people. The sound improvement of monetary relationships is a significant step along this road, and one that can be achieved only through a spirit of co-operation and international solidarity.

Mr. Rockefeller was thanked on behalf of the Empire Club of Canada by Col. E. A. Royce, E.D., C.D.

EDITOR'S NOTE: This address perhaps ranks as one of the timeliest of almost 2,000 speeches that have been given to Empire Club audiences over the past 70 years. On December 18, 1971 (two days after this speech) the Finance Ministers of the major European trading nations met with *their counterparts from the United States, Canada and Japan in the Smithsonian Institute in Washington and came, to what President Nixon described as the "most significant monetary agreement in the history of the world". This was the first major step towards a reorganization of the world monetary system, that had not been significantly changed since the Bretton Woods Conference of 1944.*

The United States agreed to raise the official price of gold from $35 to $38 an ounce. (The first official increase in the price for gold since 1934, and an effective devaluation of the United States dollar by 7.87%). Japan, Germany and other countries agreed to an upward revaluation of their currencies in terms of the United States dollar, while the Canadian dollar, which had been floating since May of 1970, was allowed to continue to float. The import surcharges, which had been considered to be a major irritant to Canadian-U.S.A. relations, were removed.

Although world currencies were again fixed in terms of the United States dollar (Canadian excepted), the permissible fluctuations from parity were widened to 2¼% much along the lines suggested in Mr. Rockefeller's speech.

DECEMBER 23, 1971

Christmas Luncheon

CHAIRMAN The President,
Henry N. R. Jackman

GUEST OF HONOUR The Honourable
W. Ross Macdonald,
P.C., C.D., Q.C., LL.D.,
LIEUTENANT-GOVERNOR OF ONTARIO

MR. JACKMAN:

Your Honour, Ladies and Gentlemen: For the past three months now I have had the rather dubious honour of going to this lectern every week to introduce a speaker, who would talk on any subject, ranging from the world monetary crisis, to issues of a much more parochial nature. This meeting, however, promises to be different. Today we are extending a Christmas welcome to the wives, children and other friends of members, who have come here today on the express condition that they would not have to listen to a major address, After having listened to twelve of them myself in the past few months, and with the almost certain expectation of having to listen to another seventeen in the next four months, I can assure you that this change in pace is as equally refreshing to me as I know it will be to you.

There is one gentleman, however, sitting to my right to whom I would like to make special mention. His Honour, the Honourable Ross Macdonald is, as you know, the Lieutenant-Governor of the Province of Ontario, and Honorary Vice-President of The Empire Club. He is the personal representative of our Sovereign Lady the Queen. His office not only symbolizes the historic connection between the Government of our Province and Her Majesty, but also reminds us of the historic traditions of The Empire Club of Canada and the abiding principles of Commonwealth, which our Club represents. This is the fourth time that he, and his charming daughter, Mrs. Haldenby, have been with us at our Christmas luncheons, and I know you will agree with me that his presence adds much to this occasion. It is my great pleasure to welcome you here today, and to thank you for the great honour you do The Empire Club family on this Christmas occasion. Ladies and Gentlemen, the Lieutenant-Governor of Ontario.

His Honour, the Lieutenant-Governor addressed the Meeting and brought greetings to those present at the Christmas Party. Dr. Harold V. Cranfield then presented a bouquet to Mrs. Haldenby, his Honour's daughter.

MR. JACKMAN:

I will not embarrass our head table guests by introducing each of them to you personally – they are for the most part the executive of The Empire Club and their wives whom we are delighted to have with us at this time. There is one guest however, who deserves special mention – I refer, of course, to our immediate Past President, Harold Cranfield.

Harold Cranfield is a medical doctor, and thus his assumption of the presidency of this historic Club represented a very refreshing change to the rather monotonous parade of distinguished Queen's Counsel and corporation executives, who usually occupy this Chair. Perhaps for this reason he brought to the management of the affairs of this Club, particularly in his choice of speakers, a breadth of wisdom, compassion and human understanding, which all our members found refreshing.

I should also say in tribute to Harold Cranfield, that one of his major contributions was restoring the financial health of the Club, eliminating a very large deficit at the start of his term of Office, and ending up with a substantial surplus when he finished his term. This is all the more remarkable as the stock brokers, chartered accountants and financial executives, who preceded him in office, ran up a continuous series of deficits. I can only suggest, that as a disciple of Hippocrates he took that famous physician's oath to heart. For as Hippocrates once said: "Where there is love of man, there is love of art. For some patients 'though conscious that their condition is perilous, recover their health simply through contentment with the goodness of the physician' ".

In our case, Harold Cranfield was the physician and The Empire Club was the patient, and having served as a vice-president under Harold Cranfield I know I speak for all the directors and members of our Club when I say that our health too has recovered through our contentment with the goodness of heart of our immediate Past President.

I have the happy duty to present you with this illuminated scroll signed by our Honorary President, and former Past President, His Excellency the Governor-General, which I do now present to you on behalf of the Board of Directors and our entire membership.

MR. JACKMAN:

It has been suggested that Dr. Cranfield laboured under a considerable handicap in assuming the Presidency of this Club, as he did not have available to him a private secretary. This was not strictly correct, as this gap was more than adequately filled by his charming wife, who poured out a stream of closely typed three-page letters to his executive which, on occasion, seemed to arrive almost on a daily basis. I would like to assure you, Mrs. Cranfield, that speaking on behalf of the Directors, we too appreciated your letters, and I can assure you that even though Harold often thought otherwise I read every single one of them. I am not at all sure that in this case the principal honour today should not be made to Mrs. Cranfield, but in any event I would like, on behalf of our members, to present to you this bouquet of flowers.

Dr. Cranfield replied briefly.

MR. JACKMAN:

We now come to the principal part of our program, which I know all of you are anxiously awaiting. This year, instead of the usual church choir, we have with us the very talented and youthful group, The Ontario Place Singers. It is perhaps fitting when we have the Lieutenant-Governor of Ontario in attendance that we have with us a group which is not only Ontario in name, but is rapidly gaining a reputation throughout Ontario as one of our Province's foremost and exciting musical groups. This group is under the direction of Mr. Lloyd Bradshaw, who has been responsible for providing the music for so many of our Christmas luncheons. They were the feature attraction at Ontario Place last summer. For those of you who visited Ontario Place, you know of what I speak. For those of you who have not heard them, I can assure you that a real treat is in store for you.

I take pleasure, therefore, in presenting to you, The Ontario Place Singers.

The Ontario Place Singers.

JANUARY 6, 1972

The World Today

AN ADDRESS BY The Rt. Hon. Lord Thomson of Fleet,
G.B.E., D.LITT., D.C.L., LL.D., L.H.D.,
CHAIRMAN, THE THOMSON ORGANIZATION

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

At our last meeting of The Empire Club, prior to Christmas, we had as our guest of honour, Mr. David Rockefeller, an American of considerable means and wide business interests, who is reputed to be worth several hundreds of millions of dollars. To herald in our New Year, it is perhaps therefore fitting that we have as our guest today, one of our home-grown variety of multi-millionaires, Canada's own Roy Thomson.

The story of Roy Thomson is a living legend in Canada. Our guest, the son of a Toronto barber, started work at the age of fourteen. As a very young man, he felt he was making a real business breakthrough when he won a franchise to sell wireless radios in Northern Ontario. In his efforts to sell his product, he quite understandably ran into a certain amount of consumer resistance by reason of the fact that there were no radio stations with a strong enough signal to serve the area of his franchise. The obvious answer to Roy Thomson who was left holding a large inventory of unsold radios was to start his own radio station; – which he did.

Moving on from radio, he set up his own newspaper in Timmins and proceeded, over the years, to buy up any small-town newspaper he could persuade or cajole from its owners. In the mid 50's, he purchased the prestigious "Daily Scotsman" in Edinburgh and used it as a stepping stone to gain control of commercial television in Scotland, even though most British investors felt that the industry had absolutely no future. His entry into British television heralded the period of the Thomson family's greatest expansion. Their publishing interests expanded throughout North America, the United Kingdom, and internationally to such far away places as the Caribbean, Africa and South East Asia so as to become the greatest publishing empire the world has ever seen. In 1966 our guest perhaps reached the height of publishing prestige by the acquisition of "The Times" of London, the most prestigious and influential newspaper in the world.

Our guest is a man who has been honoured by many nations. The pursuit of recognition by self-made men has often been the subject for gentle derision or humour in our literature, particularly on the part of those who have not been so fortunate; – and although our guest has received great honour, he has never lost his sense of humour or the ability to keep all things in proper perspective. We can well remember when Roy Thomson was made a Peer of the Realm and the CBC did an hour-long special on our guest; in a scene showing Lord Thomson attending on a fashionable Saville Row tailor to be measured for his ceremonial robes, the fitter suggested that the ermine hem was a little too long and might drag on the floor of Westminster Abbey and should be taken up an inch or so. Our guest immediately replied, "Oh don't bother with that, this has got to be worn by my son sometime, and since he is three inches taller, and at the prices you charge I'll be darned if he is going to order another".

If this were a formal dinner in London, on some great ceremonial occasion, it would be about this time in the proceedings that some official would rise and in a loud sonorous voice proclaim: "My Lords, Ladies and Gentlemen, pray silence please for the Right Honourable Sir Roy

Herbert Thomson, First Baron Thomson of Fleet and of Northbridge of the City of Edinburgh, Knight Grand Cross of the Order of the British Empire, Commander of the Royal Order of the Phoenix, Doctor of Law, Doctor of Literature, Doctor of Civil Law, Doctor of Humane Letters, former Chancellor, Honorary Colonel, Honorary etc., etc., ad infinitum." But to those of us here in Toronto, who know and love Roy Thomson best, who remember those cold wintry evenings when one would often see, long after business hours, our guest walking home with a bag full of work under one arm and a bundle of newspapers under the other, the best salutation I can offer is to present to you our very dear and very old friend, Roy Thomson.

THE RT. HON. LORD THOMSON OF FLEET: I don't remember just how many years ago it is since I last addressed the Empire Club. I am quite sure that world conditions, and, indeed, my own circumstances, have altered since that day, so many years ago.

As the owner of the national newspapers of England, the Times and the Sunday Times, and the national newspapers of Scotland, Wales and Northern Ireland, the Scotsman, the Western Mail and the Belfast Telegraph respectively; I am in a singularly privileged position to meet and discuss world affairs with the rulers and leaders of many of the most important countries in the world. It is fascinating and instructive to learn the varied and different national viewpoints.

I do not have to tell you that we are facing a period of great transition. It seems to me that we have a basic contradiction running through international affairs which is going to cause us a lot of worry and make a lot of newspaper headlines. There is a continuing movement towards the larger units, groupings of national countries and of business. There is also the fact that nationalism seems to have got a second wind. Thus, we have just seen in recent months the real arrival on the world stage of China and we have seen small new Bangladesh hoping to be admitted to the community of nations. We have the emergence of the united states of Europe – which is how I see Europe developing now that Great Britain has become a member of the Common Market. It amazes me that at a time when China, Russia and the United States are obviously super powers with Japan catching up to them, there should still be people who want Britain to remain as a small island off the continent of Europe. We are so right to go into Europe; I know that many opponents think that Britain will lose its essential Britishness, but I am sure there is a way to retain our distinctive national characteristics while working together as Europeans. I have not noticed the French becoming any less French or the Germans any less German in the 10 years of the Common Market.

In terms of population, when we are in, Europe will be the third of the great world blocks, exceeded only by China and India. It will be the second most prosperous block in the world matched and indeed exceeded in capacity, wealth and power only by that great entity which we all know as the United States of America.

It will be a nation composed of intelligent people with a firm and inherent belief in the fundamental and basic principles of democracy and, by and large, a nation capable of vast business enterprise.

It is an undeniable fact that Britain's entry into Europe will perhaps loosen some of the close bonds with the "Commonwealth", but as a result of this, Great Britain will undoubtedly facilitate the ability of the British Commonwealth countries greatly to increase their trading and business with the new "Europe".

Superficially, it might appear that the Commonwealth nations will lose something of their favourable position vis-à-vis Britain itself, but I am convinced that if advantage is taken of the new alignment, then Canada and all the other Commonwealth countries will more than off-set the loss of tariff concessions by the very much greater business opportunities and potential that will arise for them in the new "Nations of Europe".

Since I am talking to a Canadian audience, I would seriously be remiss if I did not say quite frankly how I view the situation which exists today between Canada and its powerful and mighty neighbour, the United States of America.

It would, of course, be idle to deny that the United States has made many mistakes in its conduct of foreign affairs. But, my sincere view is that the majority of these errors were committed because they were made with the utmost good intentions; with that marked altruism that the United States has always typified.

I know we have had problems with the American import surcharge and the uncertainties of currencies. But that temporary assertion of economic nationalism by the Americans ought not to have blinded us to what brought the difficulties upon them. They had been carrying vast international burdens and in fact financing world trade by their deficit. The crisis could have been over sooner in my view if the rest of us had shown more understanding. But it's over and we seem set for a period of increased trade, especially if tariffs can now be negotiated down and nations are not preoccupied with the prestige of a narrowly fixed rate of exchange.

America may have acted somewhat out of self interest in this but we should recognise that President Nixon's leadership in a complex area has given us this opportunity of trade – we should recognise it and seize it, in my view.

Canada, I am sure, is big enough and self-reliant enough to do this. Canadians are realistic and practical people and they have always faced such challenges with determined spirit and that has made this country of ours a great nation in the councils of the world.

In recent years concessions from the States to Canada have always been very much in Canada's interests. We are, in actual fact, under United States protection and the result of this has been that Canada (unlike most other nations of the world) has suffered the minimum drain of its resources for defence and military purposes. Canada is fortunate, indeed, in having a long, undefended border with that most friendly neighbour, the United States. I am sure that if we think of other countries in the world, who are surrounded by potential or actual hostile neighbours on all sides, then Canada is indeed fortunate in not finding itself in such a precarious position.

I must confess, quite frankly, that I found it difficult to understand how some Canadians could make idle "threats" about different forms of "retaliation" against the United States because of that surcharge, now thankfully doomed.

I would suggest that far from being "hostile" or seeking "retaliation", every Canadian should be eternally grateful and thankful for such a generous, friendly and enlightened neighbour as the United States.

Now I would like to say something about my travels. I like to get around. Because I am a newspaper proprietor as I say, or because I am just plain stubborn as well as curious, I do manage to see a lot of important people. Some of the talk my editors sometimes consider worth publishing, sometimes not – it's up to them – and sometimes the talk is off-the-record. I like plain speaking. I will never forget travelling on a train in Russia with Kruschev and arguing about capitalism. But that is another story. I warmed to that man.

I recently made a journey through Asia, visiting many of the most important countries. With the emergence of China as an acknowledged great power and the unhappy war in the Indian sub-continent, he is a bold man who would make prophesies about the future of Asia.

Nonetheless, I still hold to my opinion that during the next few years we are going to witness a tremendous upsurge in financial and economic development in the Asian countries. Were I twenty-five years younger, I would go to Asia and make my headquarters there, where I am certain I could build and sustain a vast business empire.

I have never been to China, though, if I were invited, I would jump on the next 'plane. The correspondent of my London Sunday Times, Neville Maxwell, has just got back from China and a long interview with Premier Chou En Lai. Maxwell is full of enthusiasm for what he saw now that the excesses of the cultural revolution are over: we all know they are clever people – look how quickly they caught up in nuclear matters, and the Chinese told Maxwell they don't think of themselves as special people any more. They say they are pushing man's frontiers of achievement. Perhaps they are. Clearly, this great country of nearly eight hundred million people, full of human and material resources, is going to play a predominant role in Asian affairs. For long isolationist and inward-looking, China today, while repudiating any desire to play the role of a super-power, is nonetheless keenly interested in the outside world, particularly the under-developed world, where she thinks she can exert the greatest influence and win the greatest successes. She may be right, and, if so, this may not be very comfortable for Western interests. We will also have perhaps a more ineffective United Nations with China and Russia always cancelling each other out. But I suggest that, beneath all the so-called anti-imperialist propaganda, the slogans, and the little red books, China's policy in the world will continue to be governed by prudence and pragmatism. Her leaders, whatever their apparent excesses of thought or language, are in fact highly realistic, and are less likely to make a move in the dark than any comparable leadership that I can think of. Though prospects for foreign business in China are hedged about with difficulties and uncertainties, there is no doubt at all that very great possibilities exist and will grow steadily as this colossus of a country gradually evolves into a modern nation.

To a large extent, Japan, the first Asian country to accept Western technology, has already made this change. In economic terms it has every claim to be considered a great power, which accounts perhaps for the intense suspicion and mistrust which characterises China's attitude towards Japan.

The Japanese do not particularly welcome the participation of outsiders in their economy. But despite this, I am hopeful that they will move towards abolishing or lowering some of these obstacles and, in the light of this hope, I am very anxious that my own business should extend its interests in Japan. I realise that our Western style of doing business will need to be adapted considerably to Japanese usage. But I would dearly love to have the privilege and honour of being one of the first entrepreneurs to be allowed to participate in a publishing venture there.

During my travels I also visited Taiwan and South Korea where I had interviews with Chaing Kai-Shek of Taiwan and President Park of Korea. Here are two countries which, hitherto, have depended upon American backing. With the Americans engaged upon a massive act of withdrawal, both countries will face problems in the future. Taiwan, in particular, now that it has been expelled from the U.N. is in for a difficult time, but in its favour are its prosperity and the hardworking characteristics of its people. If only Chaing Kai-Shek or, more probably, his successor, would renounce the impractical intention of conquering mainland China, Taiwan's international future would look much brighter. But even if this were to happen, I regret to have to say that I do not see any business outlet for my companies in Taiwan. Those Chinamen are too smart: they have not left many opportunities I could discover or exploit.

Thailand, another of the countries that I visited, is also going through its troubles, symbolised by the recent military coup which in effect places all power in the hands of the army. There are millions of Chinese in Thailand, where U.S. influence and capital is also an important factor in the economy. No one knows what the effect upon this situation will be of the new relationship which promises to develop between Peking and Washington. But clearly the Thais are nervous.

Having said that, I must acknowledge the very friendly and reasonable business atmosphere in which my English language daily newspapers in Thailand operate. I own two – one a morning and the other an evening paper – they have a good circulation and are very prosperous. I do not think that the recent so-called coup will have any effect upon the excellent relationships which have always existed between my companies and the Thai authorities. There are tremendous business opportunities there, so much so that I can reveal that we do have several other projects under way in Thailand.

Indonesia is another very promising Asian country. In Djakarta I had the privilege of an interview with President Suharto, and also talks with his ministers and with the governors of the various provinces. The country was in a terrible state after years of Sukarno's despotic rule when Suharto took over. But now it seems to me that it is moving quickly in the direction of stability and prosperity. I was much impressed in my contacts with the enthusiasm for business matters. The whole country is wide open for business development, and I am even now discussing and negotiating a partnership arrangement with one of the Indonesian government departments, which will, I think, be profitable for us and beneficial for them.

The Indian sub-continent is in the throes of terrible upheaval, which makes any prognostication about the future there difficult. But quite apart from the horror and uncertainty of the India-Pakistan war, doing business in India has been an uphill task. For some years, we have had a large and prosperous book printing business in India. There is no doubt that great business potentialities exist there. But there are also great obstacles placed by the central government in the way of business development. Taxes are very high, repatriation of profits is difficult, and executive salaries are pegged far below the level required to provide incentive and a just reward for business skills. Despite these counter-indications, however, the opportunities are vast and I firmly intend to expand my business interests in India.

Turning away from Asia, I would like to say something about the Middle East, whose countries I also visit frequently and know well. Here, of course, the dominant factor is the hostility between the State of Israel and the Arab States. I am glad to say I am on very friendly terms with both sides. I have visited Egypt and Israel many times. I got to know the late President Nasser quite well and another good friend of mine in Cairo is Mohammed Heikal, the editor of the very influential Arab newspaper, *Al Ahram*.

It was at one of my meetings with the late President that I tried to act as an intermediary. I suggested to him that if I could induce the Israelis to withdraw some of their forces (even on a token basis) from the Suez Canal area, then he should in turn agree to sit down at the conference table with the Israelis and discuss two vital problems: the possibility of a peace treaty, and the future itself. After some consideration he replied: "Yes, I am agreeable, and I will". He agreed to my conveying this message to Israel, but when I did so the Israelis were adamant that this did not meet their basic conditions. I think that had they accepted President Nasser's gesture, talks leading towards a real peace would have come about. But I do appreciate and recognise Israel's difficulties. As that remarkable woman, Mrs. Golda Meir, the Israeli Prime Minister said to me: "The Arabs can lose a hundred wars, but we cannot lose one. We would be wiped out".

It is no good my giving off a lot of false optimism about this Middle Eastern deadlock. A huge and hitherto unbridgeable gulf of mistrust exists between Israel and the Arab States. The Arabs believe that Israel is aggressive and expansion-minded. The Israelis believe that the Arabs are implacably devoted to the extermination of Israel as a nation. President Sadat has said that if the beginnings of a settlement do not emerge by the end of 1971, and that date has now passed, then war is the only alternative. I think we have to remember that when Egyptian statesmen talk like this, their belligerency is often intended for home consumption, and that the words do not necessarily mean what they appear to say. But the danger is that one day such words, whatever the intentions behind them, will be too strong, and will lead inexorably to action. If that should happen, then the menace, with the Soviet Union backing the Arabs, and the U.S. backing Israel, is of a world war with superpowers intervening. I still do not think this is likely, but there is no doubt that the Middle East, together with the India sub-continent, is one of the hot spots of today's world.

But in ten years things may look different in a lot of places. There will almost certainly be a new leader of China; I think the transition will be peaceful. There may be a change in the leadership in the Soviet Union and in the attitudes of the elite groups. The United States will, I'm sure, have recovered from some of its more serious traumas. Europe will be an infinitely stronger power. Its star is rising rapidly even now, after years of dissension, it may be we are witnessing the beginnings of an economic and political renaissance in Europe. Anyway, I hope you'll ask me back in 1982 to see if I am right and to tell you where I've been and how I see it.

Lord Thomson was thanked on behalf of The Empire Club of Canada by Lt. Col. Robert H. Hilborn, M.B.E.

JANUARY 13, 1972

A Future for the Maritimes

AN ADDRESS BY The Honourable Gerald A. Regan,
Q.C., M.L.A., PREMIER OF NOVA SCOTIA

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

It is always a very great pleasure for The Empire Club to have as our guest a Prime Minister of Nova Scotia, Canada's oldest and most historic Province – a Province whose influence on Canadian history and events far outweighs its size.

Almost every Premier of Nova Scotia, since the turn of the century, has spoken to The Empire Club at least once during his term of office. Every one of those Nova Scotian Premiers who have honoured this Club by their presence, have exhibited a continuing faith in Canada, but at the same time have brought forcefully to our attention our continuing responsibilities to Confederation.

Confederation has not always been universally accepted by Maritimers. In 1938 the Honourable Angus L. Macdonald, a distinguished Premier of Nova Scotia, said:

> "It seems to me that from the Nova Scotian's viewpoint the strongest argument for Confederation is the argument on sentimental grounds. The economic argument only is weak. Indeed I am now, and I have always been, convinced that, stating the case in terms of economics only, it would have been distinctly to Nova Scotia's advantage to remain out of Confederation."

This address quite naturally attracted a good deal of publicity, not only in Nova Scotia, but throughout Canada and when, a generation later, in 1966 another former Premier, the Honourable Robert L. Stanfield, visited this Club he referred to Macdonald's speech and said:

> "I do not come here today to complain. But I would remind any of you who believe in the supremacy of economic considerations above all others that if Nova Scotians had allowed themselves to be governed by economic considerations in 1867 Canada would not have been born. Pure economics are no more capable of binding Canada together than they were of creating it. None of us should live in the past, but a remembrance of the past illuminates our understanding of the present."

Separatist sentiment in Nova Scotia has perhaps subsided, or at least been overshadowed by their more vocal counterparts in the Province of Quebec. Nevertheless, those Nova Scotian Premiers have better enlightened us as to the richness of our Country's heritage and our continuing responsibilities to the ideals of Confederation.

Our guest today is one of that new generation of young political leaders who, in the past few years, have been elected to Provincial Premierships in their 30's or early 40's, in almost every Province in Canada. The only holdouts to the trend are Premier Bennett in British Columbia, and at least as of 1:00 p.m. this afternoon, Premier Smallwood in Newfoundland.

Our guest was educated at Saint Mary's University, Dalhousie University and the Dalhousie Law School, where he graduated with his Bachelor's degree in law. He entered politics in the mid 50's, an era which was not particularly auspicious for a Liberal in Nova Scotia, being defeated four times prior to his election to the Federal House of Commons in 1963, as the Member of Parliament for Halifax. He served with distinction on various Committees of the House of Commons, including External Affairs, Industrial

Relations, and served as a member of the Canadian Delegation to the United Nations Organization.

In 1965 the Liberal Party in Nova Scotia was going through one of those leadership reassessment processes, which seem to characterize all Canadian political parties who are temporarily out of office. Our guest accepted the leadership of his Party. He became a member of the Legislature in 1967, and in October 1970, only 15 short months ago, he scored an upset victory becoming Premier, defeating a long entrenched Conservative regime.

Although our guest has been Premier of his Province for only a very short time, he has already exhibited that measure of decisiveness and intelligence which I know will serve his Province and our country well in the years ahead.

It is with great pleasure that I introduce to you the Honourable Gerald A. Regan, Q.C., M.L.A., Premier of the Province of Nova Scotia.

THE HONOURABLE GERALD REGAN:

I am very happy and indeed highly honoured to have been invited here today to address such a distinguished group as the Empire Club.

I am always enthusiastic about receiving an invitation to address a group such as yours, because it affords me the opportunity to talk about the many exciting potentials and investment opportunities that Nova Scotia has to offer.

In my address today, I want to briefly highlight some of the important developments of the past few months for Nova Scotia, explore the Province's development potentials for the future, and offer some suggestions as to the role that the private sector can play in equalizing opportunity in Canada.

Mr. Chairman, I am also cognizant of the fact that many attending today's luncheon have schedules to keep, so I will try hard to live within my time limit.

No doubt 1971 will be recorded as one of the periods in which the greatest adjustments were required of Nova

Scotia industry, stemming from a combination of international crises including a continuing economic recession, fiscal and monetary reforms, nationalist protectionism, and the introduction of tariff and non-tariff barriers. In considering the overall balance, however, I feel that Nova Scotia fared well in relation to other provinces of Canada and certain areas of the world.

The past year, as it has affected many sections of the economy of the Province, has been a good one . . . container and bulk shipping, the discovery of oil and gas, steady progress in plans to develop the Fundy tides, the coming on stream of several major industrial projects and stabilization of labour-management relations are but a few of the occurrences which have laid the stepping stones for a bright future.

Thus, I think it can be said that Nova Scotia has entered upon an unprecedented period of growth, and could well attain the take off point that would turn it into Canada's fourth "have province" even sooner than is yet suspected.

This growth in industrial capacity and in the number and quality of jobs is taking place through the utilization of our resources and opportunities . . . and no longer as a consequence of policies of industrial bribery.

Our Crown Industrial Promotion Agency, Industrial Estates Limited, which previously had a mixed reputation because of free and ill-advised use of taxpayers' money, has been restructured and redirected as an effective promoter of industrial growth.

Under our Government in 1971, this Crown Agency assisted many new industries to locate or expand in our Province without the committal of five cents of public money by ways of grants and with only modest, well secured loans in a small minority of cases.

Perhaps the single most important industrial project initiated by I.E.L. to date was the establishment of Michelin Tires Manufacturing Company of Canada Limited's two major plants at Granton, Pictou County, and Bridgewater.

With both plants having started up production, there are nearly 1,000 persons on the payroll, and by the time their announced expansion of January 1972 is completed, the Michelin plants will provide employment for 1,860 persons.

We are predicting an even better performance in 1972 as the new policy of I.E.L. moves into full operation.

The expansion of existing Nova Scotia firms accounted for some 700 new jobs in 1971 . . . and new firms announced and under construction in 1971 will produce some 3,700 new jobs.

Our officials say that by the end of 1972, employment in I.E.L.-assisted plants will reach an all-time high of over 7,000 male and female employees.

This Agency, along with the Department of Development, serves to tie together the necessary component factors for industrialists interested in taking advantage of our unexcelled location for serving offshore markets or providing North America with products containing component parts from overseas.

Volvo Canada Limited is an excellent example of this concept as they receive component parts from Sweden and assemble automobiles in Halifax.

Their Halifax operation already highly successful, Volvo recently announced that its assembly operation will increase by 12 per cent in 1972, to a total of 9,200 units, after achieving record production and sales in 1971.

Volvo, in addition, has been exploring the possibility of supplying the inland United States markets through Halifax and its recently established autoport.

In mentioning the Department of Development a few moments ago, may I point out that this is a newly structured body which has absorbed many of the functions of the former Department of Trade and Industry and other related Government activities.

The Province has indeed been fortunate in attracting to the Public Service senior personnel from private industry and government to head up the new department and its expanded role in the over-all economic development of Nova Scotia.

Increased emphasis was placed on the marketing function of the department during the year, particularly in the New England area where several promotional missions were undertaken including the successful trade fair held aboard the ferry "Prince of Fundy" in Boston involving the active participation of 31 Nova Scotia firms.

In the important area of capital investment, the Province showed a 4 per cent increase over 1970 to a revised forecast of close to $600,000,000, while the total value of manufacturing shipments will increase slightly to approximately $740,000,000.

Nova Scotia exports for 1971 will top the 1970 figure of $205,900,000 despite adverse international trade conditions.

The establishments of the Nova Scotia Tidal Power Corporation has indicated to the business and financial communities at home and abroad the depth of the Provincial Government's commitment to develop and utilize our great natural resources and the magnitude of the power potential in the Bay of Fundy commands the attention of the investment world.

The relentless advance of technology, the continuing depletion of fossil-based fuels, and North America's ravishing and seemingly unquenchable thirst for electrical energy makes the development of our vast tidal power reserves highly attractive and inevitable. The only real question is when.

The rising costs of industrial fuels combined with the pollution aspects of thermal and nuclear power also adds to the attractiveness of tidal power.

Therefore, when you add the shrinking supply of fossil-based fuels, the spiralling costs of these fuels and the pollution factors together . . . the argument for total power is strengthened considerably in that it offers (1) a reliable power supply, and (2) it is pollution-free.

Governor Kenneth Curtis of Maine, told his fellow New England Governors recently that Canada's Atlantic Provinces "may be New England's best future sources for electric power and refined oil products".

Mr. Chairman, if I sound a bit exuberant when I talk about the fabulous potential of the Fundy tides, I come by it honestly, for the great Joseph Howe in counselling his cabinet in Halifax one day said:

> "Boys, brag of your country. When I am abroad, I brag of everything that Nova Scotia is, has, or can produce; and when they beat me at everything else, I turn round on them and say, 'How high does your tide rise?' "

To illustrate the potential of the Fundy tides, may I point out that the combined generating capacity for three of the prime Fundy tidal power sites is in excess of 16,847 million kilowatt hours, compared with the Maritime power pool's existing capacity of 6,967 million kilowatt hours.

Without question, one of the most vital accomplishments in Nova Scotia last year was the return of industrial peace to the Province after years of turmoil and discord between labour and management, particularly within the construction industry.

I am sure it is no secret in Toronto that Nova Scotia, up until a year ago, had a terrible labour-management record, and at times, almost equalled British Columbia in the number of illegal wildcat strikes.

When my party took office in October of 1970, the first priority was to clean up the labour-management mess in Nova Scotia because we fully realized that despite the fact we had many opportunities to offer potential investors, most would be scared off by our labour record.

We were the first Government in Canada to have the courage to take a firm approach and legislate against wildcat strikes and illegal picketing and walkouts.

Although the number of amendments we made to our antiquated Trade Union Act are too numerous to mention, I might just say that they were extremely successful.

Proof of this can be found in the fact that the number of illegal strikes went from an almost record high to practically zero within a period of a few months . . . thus Nova Scotia travelled the route from having one of the worst labour records in Canada to having one of the best, if not the best record in the country today.

May I add, however, that it was just not our legislation which restored good order, because industrial peace cannot be attained by legislation alone . . . I must pay tribute to both labour and management for their co-operation and change of attitude in recognizing and accepting their responsibilities in this matter.

Mr. Chairman, to a great extent, Nova Scotia's economy in the future will be geared very closely to her deep-water, year-round ports . . . specifically, Halifax and the Strait of Canso.

Although he had no way of knowing it, 17th century scholar George Herbert very aptly described the natural advantages of our two super ports when he wrote "*Great ships ask deep water*".

In an age of revolution among shipping concepts where special ships are designed to carry any type of cargo . . . Nova Scotia's geographic location and deep water ports have already proved advantageous to three of the new types of specialized vessels, namely: container ships, bulk carriers and auto carriers.

A well known shipping consultant said recently that revolutions in bulk and container shipping would perhaps have more impact and effect on Nova Scotia than on any comparable land area of the world.

Today, more and more international attention is being focused on Nova Scotia because of her strategic location between Europe and the major markets of North America.

An obscure but far sighted author wrote in 1887, "Geography and treaties have united to make Canada's unification difficult".

Interestingly enough, for the first 100 years of Confederation, Nova Scotia's geographic location was a severe disadvantage . . . However, today, with new trade patterns and lower tariffs, the Province's location has become a distinct advantage.

Companies such as Volvo and Michelin have already been attracted to our Province because of its advantageous geographic position, with its ice free ports, are ideally located to tranship either by rail or coastal freighters down the Eastern Seaboard of the United States.

We are confident that a considerable number of additional investors will be attracted to Nova Scotia for the same basic reasons in the years ahead . . . particularly those who distribute goods to both Canada and the United States.

Up until five or six years ago, if you asked any movement economist what was the most practical approach for the movement of goods, he would have told you to ship as far as possible by ship, and as short a distance as possible by rail.

Actually, it was this approach which ultimately led to the dredging of rivers and the construction and development of the St. Lawrence Seaway.

The coming of containerization has, however, changed this approach . . . Today, because of the fast turn-around time needed by modern container vessels, and the speed of modern rail shipments, the greatest economies are found in shorter distances by ship and longer hauls by rail.

Containerization has begun a revolution in shipping which has been as dramatic in its day as was the change from sail to steam a century and more ago.

Within a relatively short period of time, it has resulted in entirely new types of ships, new cargo handling equipment, new alignments of shipping companies, new trade routes, and even new ports of call.

Today, more than 74 per cent of all general cargo on the North Atlantic is carried in containers.

Halifax was a major winter port with slack periods in the summer as far as the bulk and general cargoes were concerned, before the container revolution struck the major trading routes with dramatic results.

The historic old seaport city is now rapidly regaining the world eminence in shipping which she had once enjoyed.

Halifax is a natural location for a container terminal both because of its deep, ice free water, capable of berthing the largest container ships afloat, and because of its location, hundreds of miles closer to Europe and almost astride the "great circle route" between Europe and North America.

Added to the natural advantages of the Halifax container facility is the participation of Canadian National Railways in operation of the terminal.

Canadian National, the Province of Nova Scotia, the City of Halifax, and Clarke Traffic Services Limited, all entered into partnership to form Haltern Limited, which operates the advanced container handling and roll-on/roll-off facility.

The CN provides fast direct rail service on special container trains to Montreal, Toronto, Detroit, and Chicago.

The use by CN of unit trains to speed containers from Halifax to Detroit and Chicago is the first application of unit trains to containers in America.

Because Halifax is 550 miles closer to Europe than any other major port in the western hemisphere, it can offer containership operators a fast turn-around of their vessels and quick, low cost delivery of containerized cargoes to the industrial heartlands of Canada and the United States.

The St. Lawrence Seaway was built several years ago at a cost of about one-third billion dollars . . . 70 per cent of which was put up by Canada, 30 per cent by the United States.

All this was designed to bring foreign ships to Chicago, Milwaukee, Cleveland, etc.

The Great Lakes ports today are suffering pain . . . we, on the other hand, have already demonstrated that freight can be carried through Halifax by a ship-rail scheme faster and cheaper than via the St. Lawrence Seaway.

For example, European container cargoes can be dropped off in Halifax, and delivered by CN's fast unit trains to Detroit (30 hours), and Chicago (40 hours), before the same containership could berth in New York.

Considering that it takes from $15 to $20 million to build a containership, and costs upwards of $10,000 a day to operate one, big containerships cannot afford to call at a large number of ports . . . their time must be spent at sea and not shuttling along coasts, if they are to be economic.

The port's position on the great circle route to Europe makes it ideal as an east coast feeder service. This one port of call enables the use of larger, higher revenue-producing ships and a high utilization of them.

Halifax presently has four regular container services operating from its facilities: a Trans-Pacific Service (Columbus Line) which operates between Halifax, Australia and New Zealand; two Trans-Atlantic Lines (Atlantic Container and Dart Container Lines); and a Caribbean service.

We are confident that within the next 12 months, there will be a number of new container lines calling at Halifax, and a coastal service in operation between Halifax, the east coast of the United States, and possibly, the Caribbean.

Apart from the obvious direct benefits that Halifax and the Province are enjoying from the container business, I wish to point out that in 1971 the container terminal is a significant contributor to the Province in operating wages and salaries.

Also, the terminal has stimulated employment in other areas, notably at the Trenton, Nova Scotia, railcar manufacturing plant through the CN's requirement for more than $8,000,000 in special rolling stock for moving the containers to market.

The very fact of frequent sailings and improved rail distribution will progressively make our area more attractive to industry.

The year 1971 saw yet another exciting new development for the port of Halifax take shape in the establishment of an autoport on the east side of Halifax Harbour at Eastern Passage.

The autoport, which will be in full operation, using all its own facilities in a few more weeks, will have an initial capacity for 80,000 cars annually.

While the great proportion of business will come from overeas imports, there will be domestic traffic as well. The facility hopes to become an increasingly important focal point for the distribution of automobiles for the Maritimes and Newfoundland.

Canadian National has already chartered a 10,000 ton vessel capable of carrying 150 cars to run weekly on a service between Halifax and Newfoundland.

In addition to Fiat, Datsun and Toyota are also using the autoport for some Maritime distribution.

Looking ahead, operators see prospects for a development similar to that of the Halifax container terminal in handling traffic from overseas for the mid-West United States . . . and, like the Halterm operators, are looking forward to the establishment of a coastal service to serve North American east coast ports and the Caribbean.

Nova Scotia's second major port, the great 10-mile long, deep-water harbour at the Strait of Canso is actually a byproduct of an earlier development.

In 1956, the Provincial Government of the day constructed a causeway to link Cape Breton Island to the mainland of Nova Scotia.

More by accident than by design, the causeway formed a huge breakwater to keep back the drift ice from the St. Lawrence Gulf . . . thus leaving a deep-flowing, ice-free, year-round harbour capable of berthing the largest vessels in the world.

It wasn't too long after this before international interests recognized the tremendous potential of the Strait, and to date there is some $400 million worth of industry built up around the magnificent harbour.

Included in this industrial complex are:

- A $125 million pulp and paper operation, Nova Scotia Pulp Ltd., which is owned by Stora Kopparbergs of Sweden;
- Bestwall Gypsum Division of Georgia Pacific Corp., of the United States;
- Gulf Oil's $70 million, 80,000 barrel-a-day refinery, plus an $18 million deepwater berthing facility; and
- a multi-million dollar thermal power plant owned by the Province.

While these developments to date have been encouraging, we foresee even greater developments for the Strait in the next few years . . . with large salt deposits, petroleum and electric energy already in the area, it has the potential for a major petrochemical industry.

A study carried out by the ocean bulk shipping consulting firm of Jones, Bardelmeier, Clements & Co. Ltd., of Nassau, for the Provincial Department of Development, recommended that the Strait of Canso is a logical site for the development of a liquid and dry bulk redistribution terminal.

The study said a redistribution terminal established in Nova Scotia would provide significant freight cost benefits to a variety of bulk cargoes imported to, or exported from, the United States east coast and Canada as well as the Great Lakes.

The port has been visited by the 253,000 DWT super tanker "T. G. Shaughnessy" carrying some 2,000,000 barrels, or 63,000,000 gallons of Iranian crude oil for the Gulf refinery . . . the "Shaughnessy" was the largest vessel ever to enter a North American port.

Seven years ago, there were only four ships, all tankers, in the world merchant marine of over 100,000 DWT . . .

there are hundreds in service today, and by the mid-1970's there will be over 800 ships . . . tankers and bulk carriers of over 100,000 DWT . . . which will be unable to berth at any U.S. East Coast or Gulf port fully loaded. This gives some idea of the unique value of the Strait of Canso port as a trans-shipment point.

Today, no big new steel or aluminum plant, oil refinery, or petrochemical complex heavily dependent on large volume overseas crude or raw materials should be built at coastal locations having less than 65 feet, and preferably 90 feet, or more, depth in the approaches or berth.

The days of 35, 40 and even 55 foot channels, where really large volume seaborne bulk movements are concerned, are gone.

Gulf Oil Ltd. is a world leader in the use of the large ships and other companies are now considering the construction of facilities to cater to large ships . . . within a few years, a major trans-shipping terminal handling oil, iron ore, coal and possibly grain, should be in operation at the Strait of Canso.

I might add that negotiations presently underway indicate that there will be over $500,000,000 of additional investment in this port alone in the next five years.

Few developments in the Province's long history have caused more interest and excitement than the offshore petroleum exploration and the long-range economic ramifications of the undertaking.

If the oil and gas find at Sable Island, Nova Scotia, is as good as it appears . . . and there is every indication that it is . . . and if the potential of the remaining off-shore area surrounding Sable is tapped . . . which it will be . . . then the total benefits to Nova Scotia and the Maritimes as a whole, from the oil and gas industry, and all ancillary industries, will be immeasurable.

In any country, province or state where commercial quantities of oil and gas are found, the economic benefits do not come just from the sale of hydrocarbons . . . but from the many allied industries that support the acquisition and marketing of oil and gas.

I think it accurate to say that oil is the economic multiplier through which the total overall benefits are derived.

Already, our Province has benefited tremendously from the oil and gas explorations off our coast despite the fact that not one barrel of oil or one cubic foot of gas has been sold commercially as yet.

To date, more than $110,000,000 has been spent in drilling and seismic work with increased activity and spending expected for 1972, at which time a recent Federal survey estimates the industry will spend $92,000,000 to equip itself with the necessary exploratory rigs and seismic and rig support vessels.

The Halifax shipyards is at present constructing its third multi-million dollar oil drilling rig and has an order for a fourth. These rigs cost from $15 to $20 million each and have created hundreds of steady jobs over a prolonged period of time. At a time when many shipyards in North America are suffering, the Halifax yard is fully engaged and will be for a long period of time.

I point out that many of the materials used in constructing these rigs are purchased from Nova Scotia suppliers . . . therefore, the money from the paycheques of the workers and the money used to purchase materials is retained in the Province's economy.

Once the rigs are built and put into use . . . and I might add that three of the four rigs produced at the Halifax shipyards will be used in Atlantic coastal waters . . . it requires a lot of capital and servicing to keep them functioning.

I understand that to keep one of these rigs in activity requires an expenditure of $30,000 to $40,000 every 24 hours . . . much of this money is spent locally which is of great benefit to Nova Scotia. Aside from the pure economics derived from the construction and continued servicing of these rigs . . . Nova Scotia is benefiting from their existence in another manner as well.

I refer to the excellent reputation the Province and its workmen are gaining internationally through the expertise and workmanship displayed at the Halifax shipyards in constructing these drilling rigs.

Past experience elsewhere has shown that the actual development of a substantial oil and gas field can have a broad, beneficial effect of a continuing nature.

We in Government are determined to assist Nova Scotian enterprise to participate to the maximum extent in the ancillary activities generated by a developing oil industry.

Should this happen in Nova Scotia, the Province will benefit tremendously from increased employment and from increased taxes as well as from the direct receipt of royalty revenue.

Our Government is dedicated to the policy of extracting and retaining every conceivable benefit from the oil and gas industry for the strengthening of our Province's economy and bettering the standard of life for all Nova Scotians.

It was with these thoughts in mind that I recently announced that a policy had been established whereby the Government will take a limited equity position in certain industrial pursuits, thus enabling greater participation by Nova Scotians in the development of their Province.

In light of this policy, the Government agreed in principle to participate in a new company called "Offshore Industries Limited".

This company was recently incorporated by a group of Nova Scotia businessmen who, in partnership with Bow Valley Industries Limited of Calgary, will engage in servicing the Province's offshore oil industry.

I might also point out that aside from the obvious benefits to Nova Scotia, the development of our oil and gas reserves will relieve the Eastern Canadian dependence on imported oil . . . a situation which is faced by all Canadians east of the Ottawa Valley.

Finally, I might say that we are presently finalizing the best legislation possible to ensure that our beautiful environment is not disrupted in any manner by the oil and gas industry.

Certainly, any economic benefits derived from oil and gas would be quickly upset if ecological disasters, such as the "Arrow incident" polluted our beautiful coastline and left Nova Scotia an unfit place to live, work, invest, or attract tourists.

Tourism is another area which made rapid strides in Nova Scotia last year as a record number of tourists spent a record number of dollars in the Province.

We established a separate department of tourism with a full-time minister in order that greater emphasis and planning be spent on developing this vast potential industry into a year round venture rather than a three or four month operation.

Already, the promotional branch of our tourism department has met with great success in a number of imaginative national and international promotions which included travel with the Nova Scotia Voyageurs on their initial swing through all the American Hockey League cities, and entering a prize winning float in the annual Grey Cup Parade in Vancouver.

However, the most rewarding and exciting promotion to date was the Province's entry of a float in the Rose Bowl Parade at Pasadena, California, which carried off top international honours by winning the Ambassador's Trophy for the best foreign entry.

Graced by Ann Murray and a scale model of the "Bluenose", the float received world coverage via television, radio, and the print media.

An indication of its popularity was forthcoming within two days of the parade as officials of the tourist department were literally swamped with thousands of letters from people all over North America seeking further information on the Province.

We see this type of promotion valuable not only in attracting tourists, but as an image-maker as well . . . in the months ahead, our government departments, be they tourism, development, or related agencies, will be exploring many possibilities and utilizing their talents and initiatives in developing further opportunities for Nova Scotia.

Mr. Chairman, I have spent considerable time in outlining the present and future prospects for Nova Scotia and the Maritimes in general . . . I think it can be said that a definite new era of prosperity has been born.

However, I point out very quickly that if the Maritime region is to take full advantage of its many inherent potentials . . . then it needs help and a large portion of that help must come from the private sector.

Therefore, I am here to pronounce a somewhat controversial gospel to the effect that it is in the best interests of private industry located in Ontario to share their expansion with the so-called slower growth areas of this country.

I am fully aware that the prime direction of private industry is to maximize return on investments and superficially this would seem to dictate building strength on strength by expanding in areas where their investment already exists.

However, I suggest that an in-depth examination would indicate that the long term consequences of such a policy are indirectly more costly than the alternatives.

Support of eight "have not" provinces through your tax dollars is a major cost item since a better distribution of Canada's opportunities would remove the necessity for the many equalization programs and result in an era of much lower taxation.

It would also result in the achievement of a national unity which is of vital importance to all Canadians . . . I contend that the private sector has a responsibility parallel to that of our National Government to combat regional disparity.

As I have already suggested, "a richer Martime area will lead to a lower tax era".

National companies can do much for the slow growth areas in terms of expanding branch plants to the Maritimes, Quebec and the Prairies.

Another helpful and significant step forward on the part of national companies within the private sector would be for them to adopt the policy of "equal pay for equal work" as practised by the Federal Government.

For too long, there has been a substantial wage gap between Eastern workers and those workers in Central and West Coast Canada in circumstances where they work for the same company doing the same job. Some companies already follow this policy. The private sector would make a massive contribution to combatting regional disparity if every national company in the service and merchandising fields adopted this policy.

The thought once expressed by Joseph Howe that "you have got us and now you have to keep us" . . . certainly doesn't hold true in Nova Scotia because in all sincerity I say that within 15 years we will be granting, rather than receiving, equalization payments.

Again, I say however, that we need help to develop our wealth of resources and, at the present time, we are forced to turn to the United States and foreign investment fields to meet our needs.

While there is a great deal of emotionalism amongst economic nationalists in Central Canada who would cut off the flow of foreign investment to protect our national identity and maintain our economic independence . . . the fact still remains that a shortage of investment funds yields a paucity of development . . . a luxury which Nova Scotia just can't afford.

Canadians are investing in Canada in such areas of the economy as merchandising, agriculture, housing, and public utilities, where their funds predominate . . . in addition, important new blocs of Canadian investment funds have developed and are constantly growing.

But the fact remains that the rate of capital formation within Canada itself has simply not been rapid enough to meet our requirements in the past, nor is it likely that capital formation by residents of Canada will be adequate for decades in the future.

It is axiomatic that Canada, with a paucity of people and multiplicity of resources, cannot generate sufficient capital investment within its borders to finance the most utilitarian and productive rate of development of its resources.

And I strongly suggest to you that whatever Canadian capital is available, inevitably will be invested in Ontario rather than in the so-called "high risk areas" of Canada.

Unfortunately, this pattern will continue in Canada until there is sufficient capital . . . however, I want to point out that having enough capital will not solve the problem . . . the only solution is a fair and equitable system which will proportionately distribute equity capital to all areas of the nation.

Therefore, until such time as a better program is developed in Canada whereby sufficient amounts of equity capital can be generated and directed, provinces like mine will, out of necessity, turn to foreign investment for much of its financing.

Gentlemen, a new era is in store for Nova Scotia . . . we are no longer an isolated peninsula on the East Coast of Canada . . . the determination of our people, along with the far-sighted programs which we are implementing, is going to catapult us into this new era of potential and ultimate prosperity.

In the words of the great Joseph Howe, "You don't need a big field to raise a big turnip".

Thank you. . . .

Premier Regan was thanked on behalf of the Empire Club of Canada by Mr. Marvin Gelber.

EDITOR'S NOTE: Premier Regan's glowing description of the economic prospects for Nova Scotia contained a reference to the continuing need for foreign capital to finance development of Maritime resources and industry. He suggested that Canadian generated capital inevitably tended to be invested in Ontario rather than the so-called high risk areas of the country.

These comments should be read in conjunction with the addresses by Mr. David Lewis (page 60) and Mr. Jack McClelland (page 205), both of whom expressed concern over the amount of foreign control of Canadian industry. Generally speaking, while the Federal Government showed concern over the political and cultural implications of foreign control, Provincial Premiers like Premier Regan gave much higher priority to jobs and the need to promote regional development (see note on page 227).

JANUARY 20, 1972

Crossing the 100 Billion Dollar Mark

AN ADDRESS BY **Dr. Arthur J. R. Smith,**
PRESIDENT OF THE CONFERENCE BOARD IN CANADA, AND FORMER CHAIRMAN OF THE ECONOMIC COUNCIL OF CANADA

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

This is the third time that Dr. Arthur J. R. Smith, one of Canada's most distinguished economists, has spoken to The Empire Club of Canada. We have, therefore, had the opportunity of hearing his views at three different stages in his career: First of all, prior to his being appointed Chairman of the Economic Council, secondly, as Chairman of the Economic Council, and today after his departure from the Council and in his new position as President of the Conference Board in Canada.

Our guest received his undergraduate training at McMaster University and went on to Harvard University for graduate work where he received his Doctorate in economics. From 1950–1954 he was an economist with the Federal Reserve Bank in New York. He subsequently became Canadian economist for the National Industrial Conference Board, and held several key positions with the Private Planning Association of Canada.

In 1962 he first spoke to The Empire Club, and at that time referred to the fact that the then Government of the day had indicated in the Speech from the Throne that it intended to set up a new institution to be called the National Economic Development Board. Even then, when the Economic Council of Canada was still very much in its embryo stage, our guest indicated a keen interest in such a body, and his remarks to this Club attempted to promote some public discussion as to the role such an institution might play in this country. Unbeknown to our speaker, his remarks made almost ten years ago, were taken seriously by our political masters and were used to encourage him to accept an appointment as a Director of the Economic Council of Canada in 1963. He served with distinction in this capacity and became Chairman in 1967 when Dr. John Deutsch, the first Chairman, was appointed Principal of Queen's University.

When Arthur Smith came to speak to The Empire Club for the second time in 1970 he appeared, therefore, before us as Chairman of an organization which had been given the responsibility by the Government of making long term economic forecasts which were to be helpful in determining long term policy objectives and in suggesting solutions consistent with the aspirations and traditions of our people. When he spoke to this Club, two years ago, he stressed the point that the magnitude and severity of our economic problems could only be effectively tackled by policies of a long-range nature, and that remedies could never be approached on an ad hoc basis or in a short-sighted manner.

This summer, Dr. Smith resigned his position as Chairman of the Economic Council to accept the equally prestigious position as President of The Conference Board in Canada. There was, a great deal of speculation in the press as to the reason for Dr. Smith's resignation, and to date neither the Government nor Dr. Smith has made comment.

Some have suggested that there was a division of opinion between the Council and the Government over the Government's highly publicized and controversial war on inflation, which corresponded with, or according to some may have aggravated, a serious unemployment situation in our country. Others have suggested that Dr. Smith's approach, favouring long term measures as opposed to sharp and abrupt changes in fiscal or monetary policies, was not consistent with the political realities facing a Government who could only measure its future with certainty until the time of the next election. Whatever the reasons, Dr. Smith's retirement has raised the question as to whether it is possible at all for a semi-autonomous Government agency to engage in long term economic planning and to suggest remedies when the realities of politics may determine other courses of action. There can, however, be no doubt that our guest has made, and will continue to make, an enduring contribution to a discussion which vitally affects us all. When at the Economic Council, his annual reviews spoke of social purpose for Canada, and revealed a concern that all Canadians should share in the promise of this land. He appealed to our higher motives in terms of social objectives of economic policy. We are indeed the richer for his contribution.

It is, therefore, with great pleasure that I present to you, Dr. Arthur Smith, former Chairman of the Economic Council of Canada and President of the Conference Board in Canada.

DR. ARTHUR SMITH:

Canada's Gross National Product will cross the $100 billion mark during 1972. In fact, according to the growth trajectories set out in a number of recent forecasts, this mark could be crossed as early as the second quarter of the year. This would imply that the broader basis of economic expansion that emerged in 1971 would persist in 1972. Such an assumption, I believe, is a reasonable one in the light of past experience which shows that an economic upswing tends to gather sustained momentum in its earlier stages by advancing across a widening range of economic activities. As I will suggest later, this upswing has been showing many of the features of a rather typical Canadian business expansion, in spite of the rather different conditions and circumstances in which it is taking place.

But before taking a closer look at the prospects for 1972, I would like to review a few highlights of business trends over the past year or so.

Perhaps the most striking feature of the Canadian economy in 1971 is that it actually has been performing better than many people think it has. This is not unusual at a time when the economy is beginning to move out of a period of substantial slack. The same situation existed in the early 1960's when cautious views still were being expressed about economic trends as late as 1963 – more than two years after the economy had been moving through a period of sustained expansion.

Of course, there are still many aspects of performance that are unsatisfactory – unemployment is too high, many productive facilities are still substantially underutilized, fixed capital investment over the past few years has been running well below the levels required for an early return to high employment, and regional distortions are very evident. Moreover, an unusually troubling series of uncertainties has hovered over the Canadian business scene; and assessments of Canada's economic future, as well as the processes of government and private decision-making, have been adversely affected by a loss of confidence, arising from three basic sets of uncertainties and concerns:

- first, uncertainties about what are the appropriate policies to pursue when high unemployment co-exists with substantial continuing increases in many costs and prices;
- second, uncertainties about the outlook for international trade and payments, with the United States acting to restore balance in its international economic position, and with the increasingly apparent need for

more fundamental reforms in international trade and payments arrangements; and

- third, uncertainties affecting a wide range of business policies and practices as a result of a rapid sequence of new legislative initiatives by the federal government (for example, initiatives aimed at basic reforms in the tax structure, competition policy and industrial relations). During 1971, a great deal of the energy and time of senior business executives in Canada has been diverted from other responsibilities to these fields – both to understanding and assessing the implications of many of intricate and complex changes proposed in the new legislation, and to preparing detailed briefs to submit to the government suggesting alterations in some of the aspects of the relevant bills.

Against this background, it has perhaps been understandable why optimism has been out of fashion, and why the latest gloomy headlines have generally taken precedence over the more promising economic achievements of the economy. Thus, for example, attention has tended to be focused:

- on the persistent high *level of unemployment*, rather than on the accelerated *growth in employment* (in 1971, more than twice as many new jobs were created as in 1970);
- on the *significant gap* between actual and potential output, rather than on the fact that this gap was *beginning to close* as actual output grew slightly more rapidly than potential output for the first year since 1966;
- on concerns that U.S. policy actions in 1972 might tend to slow Canadian expansion, rather than on the fact that for much of the year, Canadian real output was growing at about double the rate of growth of U.S. output;

- on the *low level* of corporate profit margins, rather than on the significant upturn in profits per unit of output during 1971, and
- on the sluggishness of new business investment, rather than on the strong expansion of consumer demand that was beginning to lay the basis for a later investment upturn.

By 1970, considerable economic slack had emerged in Canada. But the relative scale of this slack was less than that of a decade earlier, and it was also relatively less than that which emerged in the United States in 1970–71. The two most important factors contributing to the slack in Canada were the shift towards vigorous demand restraint policies that began in the latter part of 1968, and the U.S. business recession in 1970.

Unlike the United States in 1970, and also, unlike the Canadian experience in 1960, Canada did not have a business recession in 1970 (at least not as economists define recession). If it had, the degree of slack and the level of unemployment would have risen much higher in 1970–71, possibly up to, or even beyond, the levels of a decade earlier (when output fell to about 7 or 8 per cent below potential, as compared with about 4 per cent in 1970, and when unemployment rose to around 7½ per cent, compared with around 6½ per cent in 1970).

The main factor that saved the Canadian economy from recession in 1970 was an exceptionally strong export performance to countries other than the United States, accompanied by a decline in imports. Our exports to the United States lagged in 1970, when total real output in the United States actually declined slightly. In Canada, it increased by about 3 per cent. But over three quarters of this growth is directly attributable to a rise in exports relative to imports of goods and services. Moreover, this shift undoubtedly had significant secondary effects supporting various other economic activities in Canada.

After avoiding a recession, Canada has moved into a new phase of expansion in 1971 more vigorously than the United States. In 1971, for example, real output in the United States increased about 3 per cent. In Canada, the increase was about 6 per cent.

While the strong export performance was an unusual factor preventing recession in 1970, the subsequent domestic sources of strength in the current expansion are not unusual. Indeed, they would appear to be quite normal, except for the sharp pick-up in agriculture after the sharp drop in farm output and income in 1970. The shift towards an expansionary monetary policy beginning in the second quarter of 1970, the maintenance of a high degree of monetary expansion in 1971, the shift towards a less restraining fiscal policy posture in 1971, and the business recovery in the United States in the past year (even though the latter was more hesitant than the U.S. Administration had hoped for), have combined to bring about the following sequence of demand increases:

- a sharp reversal towards increased residential construction activity (the first symptoms were clear before the end of 1970, a few months after the shift to monetary expansion, and we have had a whopping 25 per cent increase in spending on new residential construction in 1971);
- a subsequent strong upsurge in consumer spending on durable goods in the early part of 1971, particularly on automobiles;
- a less pronounced, but still substantial, expansion in consumer spending on nondurables by mid-1971;
- an upswing in consumer spending on services by the latter part of 1971; and
- an accentuated rise in government spending after an extended period of "austerity" stretching from the summer of 1969 through 1970.

As in the early stages of many previous business upswings, two of the engines of expansion were not operating strongly in 1971. First, imports rose more rapidly than exports last year, so that the external sector exerted some "drag" on Canada's over-all business expansion. Second, the volume of new business capital investment rose only moderately, with a highly uneven pattern of changes among the major sectors of the economy. A sustained expansion would, in due course, inevitably mean that business investment would become a much more powerful engine of expansion. Indeed, there is a danger here that, as in the early 1960's, increased production could be achieved in many sectors for some time from existing underutilized facilities, but that there could then be (as in 1963–66) another large and distorting investment boom as decisions were reached almost simultaneously across a wide range of activities that a major new round of expansion in productive capacity was needed.

On the external side, "export-led" growth was a prominent feature of the business expansions in Canada in the mid-1950's and over the first half of the 1960's. In particular, a potent set of export-stimulating forces came together *in the 1960's* to make exports one of the *leading salients* of growth. Among these forces were large contracts for wheat with the socialist countries, the Automotive Agreement and defense production sharing arrangements with the United States, easier access to foreign markets as a result of multilateral tariff reductions, the impact of very high growth rates in foreign markets generally and, above all, the improved international competitive position of many Canadian producers, arising from the devaluation of the Canadian dollar at the beginning of the 1960's (coupled with more aggressive, confident and effective marketing efforts by Canadians in external markets). None of these factors could have been easily or fully anticipated at the beginning of the decade. And it is by no means inconceivable that new and generally unexpected export-stimulating forces could emerge in the 1970's. But it is also possible that exports may not provide as powerful a thrust to Canadian growth in the 1970's as in the 1960's, especially if we experience an extended period of reform and adjustment in international monetary, trade and other arrangements. In such a case, it will obviously be essential to strengthen domestic growth forces, if we are to have reasonable prospects for maintaining high employment and measuring up well with Canada's growth potentials to 1980.

Two other typical features of business trends in 1971 were the continued relatively high rates of unemployment (even in the face of a substantial acceleration in business activity); and a sharp rise in productivity growth in the course of the business upswing. Unemployment does not tend to decline quickly when an economy comes out of a period of major slack. For example, the unemployment rate was well over 10 per cent in the recession of 1938; even in 1940, during the first full year of putting the Canadian economy on a wartime basis, the unemployment rate was apparently still not far below 10 per cent; not until 1941, did it fall below 5 per cent. Similarly in 1961, the unemployment rate was 7.2 per cent, but it declined only gradually to 6 per cent in 1962 and 5½ per cent in 1963 (that is, after two full years of business expansion). The slow response of unemployment to improved business conditions in 1971 is therefore hardly a surprising phenomenon. In accords with past experience under similar conditions, although the slowness of the unemployment decline on this occasion may *marginally* reflect some special factors and structural changes in the composition of the labour force.

Similarly, the marked pick-up in productivity in 1971 is a normal feature of the early stages of renewed business expansion. In part, it reflects the delayed impact of earlier decisions to increase efficiency under the pressures of weaker markets, reduced profits and rising concern about how to achieve cost reductions. In part, it also reflects effective exploitation of opportunities to use labour, capital and other productive inputs more fully and efficiently as markets strengthen and output can be increased again.

However, one of the features of the past year that has been less typical of past experience has been the continued high rates of increase in average wages, salaries and fringe benefits, and in some other forms of incomes. Similarly, price increases have continued to be a source of concern. The experience of a decade ago suggested that the emergence of substantial slack in the economy could be a major factor moderating prices and cost increases. Recent experience has raised questions about this view.

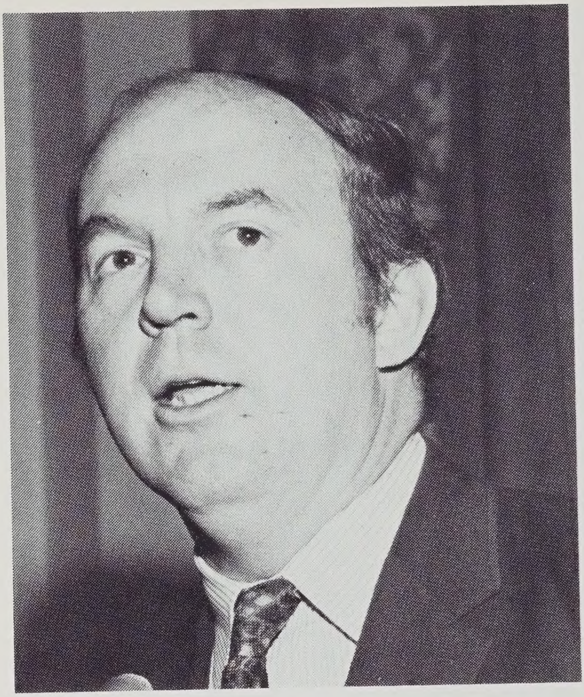
To be sure, consumer price increases did moderate significantly in the latter part of 1970. But this appears to have been the result of a number of special and, to some extent, temporary factors going beyond the build-up of economic slack. Among these were: the lagged impact of Canada's accelerated implementation in mid-1969 of all the remaining tariff reductions which Canada had agreed to undertake in the Kennedy Round; the effects of the exchange rate appreciation in mid-1970, especially those tending to lower the price of imports; lower food prices resulting partly from a "price war" among various Canadian food chains; the operation of a voluntary price restraint program under the auspices of the Prices and Incomes Commission; and the absorption of higher business costs through sharp reductions in profit margins in most industries. The slowing of price increases in 1970 has, of course, made the comparisons of price levels in 1971 with year-earlier levels look favourable, especially through the earlier part of 1971. But, in fact, advances in general price levels during 1971 have been fairly high for much of the year, at least in comparison with the experience since the mid-1950's. At the same time, in international comparative terms, Canada's recent price performance has been good. In fact, in 1970–71 Canada has had one of the lowest rates of general price increases among all of the world's more industrially advanced nations.

Now let me turn to the prospects for 1972. At the outset, it is important to emphasize that we have moved into 1972 with a much more favourable set of underlying and prospective economic conditions than those with which we entered 1971. Three deserve special attention:

(1) The first is simply the fact, already outlined in my earlier remarks, that business expansion has already been under way in Canada for about a year, that a broadening range of economic activities are becoming involved in this expansion, and that this expansion is already developing considerable momentum as it proceeds. Moreover, with business inventories (especially in manufacturing) having been fairly stable over the past two years – in fact, with declines in inventory-sales ratios in various industries – it is likely that growing demand will feed back quickly to stimulate production. This is already suggested by the lift-off of total industrial production into a clear expansionary path, after sitting for well over a year on a flat plateau. Indeed, as expansion proceeds, increased inventory demand could well be added to growing final demand to generate accentuated requirements for increased output of many types of goods. Thus, housing, consumption, government and inventory demand could all continue to advance relatively strongly in 1972 and be mutually reinforcing.

(2) Second, the U.S. economy is expected to advance considerably more rapidly in 1972 than in 1971 – and perhaps across an even broader front of expanding economic activities than the Canadian economy. The forecasts are still coming in. But it is already clear that U.S. forecasters are more bullish about the economic outlook for 1972 than they were for 1971. A year ago, U.S. forecasts for 1971 were largely concentrated in the range of 6¾ to 8 per cent increases in the current dollar value of GNP for 1971 – with accompanying

September 30, 1971
THE HON. WILLIAM G. DAVIS, Q.C., M.P.P.
Prime Minister of Ontario
"A New National Economic Policy"



October 7, 1971
THE HON. DONALD S. MACDONALD, P.C.,M.P.
Minister of National Defence
"Defence in the 1970's"

November 25, 1971
ROBERT F. NIXON, M.P.P.
Leader of the Ontario Liberal Party
"The Ontario of the Future"

October 14, 1971
HENRY MOORE,
O.M., C.H.
and
A. Y. JACKSON,
C.M.G., LL.D.

THE ART GALLERY LUNCHEON

EDMUND C. BOVEY,
Past President
of the
Art Gallery
of Ontario
*"The Art Gallery
of Ontario:
Ontario's Great
Asset"*

RE CLUB
CANADA

October 20, 1971

THE HON. ROBERT L. STANFIELD, P.C., Q.C., M.P.
Leader of the Opposition
"Canada at the Crossroads"

November 18, 1971
The Hon.
John N. Turner,
P.C., Q.C., M.P.
Minister of Justice
and Attorney
General of Canada
"Plain Talk"

November 4, 1971
David Lewis,
Q.C., M.P.
Leader of the New
Democratic Party
*"Nixonomics and
Foreign Control of
Canada's Economy"*

October 18, 1971
THE MOST REVEREND AND RIGHT HONOURABLE
ARTHUR MICHAEL RAMSAY
Archbishop of Canterbury
"Where Are We Going?"

December 2, 1971
DR. JOHN H. YOUNG
Chairman, Prices and Incomes Commission
"Some Reflections on an Incomes Policy"

December 9, 1971
DR. PIERRE A. RINFRET, President, Rinfret Boston Associates Inc., and Economic Adviser to 1968 Republican Presidential Candidate, Richard M. Nixon
"America Besieged"

January 6, 1972
THE RT. HON.
LORD THOMSON
OF FLEET, G.B.E.
Chairman,
The Thomson
Organization
"The World Today"

December 16, 1971
THE DAVID ROCKEFELLER LUNCHEON
Left to Right: NEIL J. MACKINNON, Chairman of the Board, Canadian Imperial Bank of Commerce; DAVID ROCKEFELLER, Chairman of the Board, Chase-Manhattan Bank; ARNOLD HART, Chairman of the Board, Bank of Montreal

December 16, 1971

The David Rockefeller Luncheon

"The World Monetary System: A Pattern for the Future"

December 22, 1971
THE CHRISTMAS PARTY
The Club's Honorary Vice-President,
THE HON. W. ROSS MACDONALD,
P.C., C.D., Q.C., LL.D.,
Lieutenant Governor of the Province of Ontario, with his daughter-in-law, MRS. DOUGLAS HALDENBY

On this occasion, The Lieutenant Governor celebrated his 80th birthday

THE CHRISTMAS PARTY
The March of the Christmas Pudding

January 13, 1972
THE HON.
GERALD A. REGAN,
Q.C., M.P.P.
Premier of
Nova Scotia
*"A Future for
the Maritimes"*

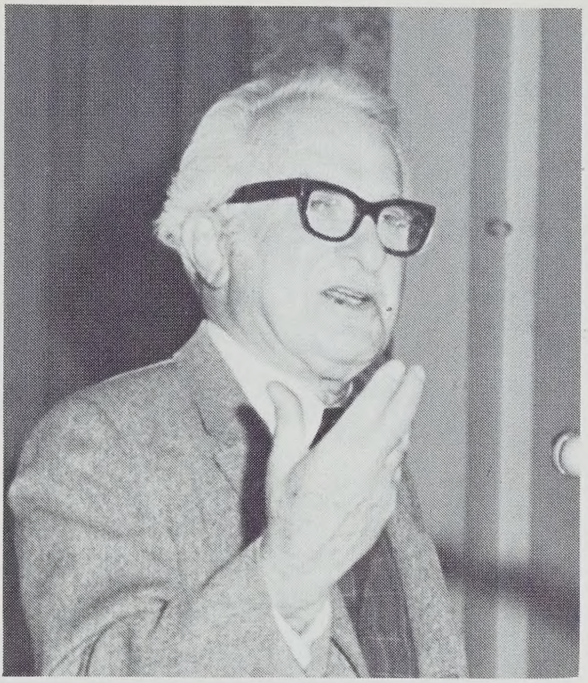
January 20, 1972
DR. ARTHUR
J. R. SMITH
President of The
Conference Board
in Canada, and
former Chairman
of the Economic
Council of Canada
*"Crossing the 100
Billion Dollar Mark"*

February 3, 1972
JACK G.
McCLELLAND
President,
McClelland and
Stewart

"Foreign Ownership: Two Viewpoints"

together with

ROBERT M.
MACINTOSH
Deputy Chief
General Manager,
Bank of
Nova Scotia



January 27, 1972
SENATOR DAVID A. CROLL, Q.C.
Chairman, Senate Committee on Poverty
"Poverty in Canada"

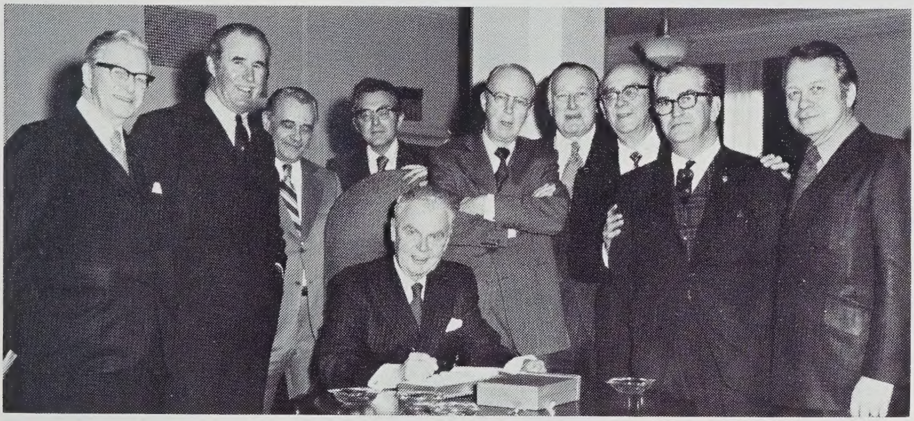
EMPIRE CLUB
EL

February 10, 1972
PETER C. NEWMAN
Editor,
Maclean's Magazine
"Struggle for Power: Canadian Politics 1972"

February 17, 1972
H. ANTHONY HAMPSON
Chairman of the Board of Directors, The Canada Development Corporation
"The CDC"

February 24, 1972
PIERRE JUNEAU
Chairman, Canadian Radio-Television Commission
"The Right to See Everything . . . Including Ourselves"

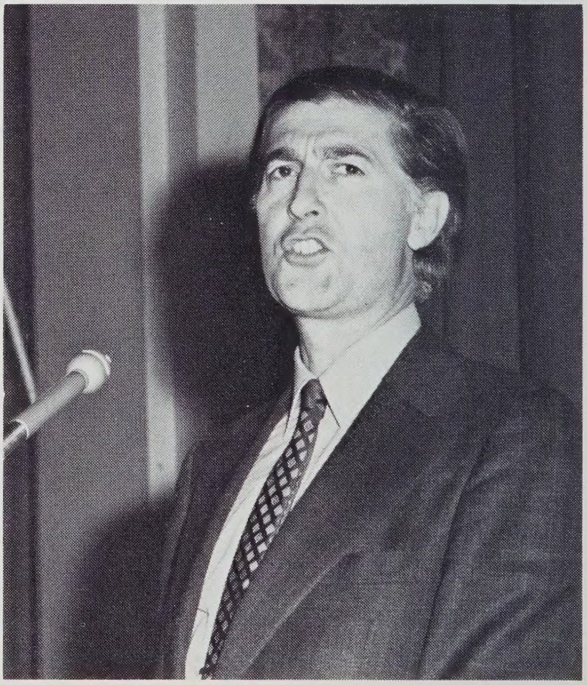
March 9, 1972
THE RT. HON. JOHN G. DIEFENBAKER LUNCHEON
"Those Things We Treasure"



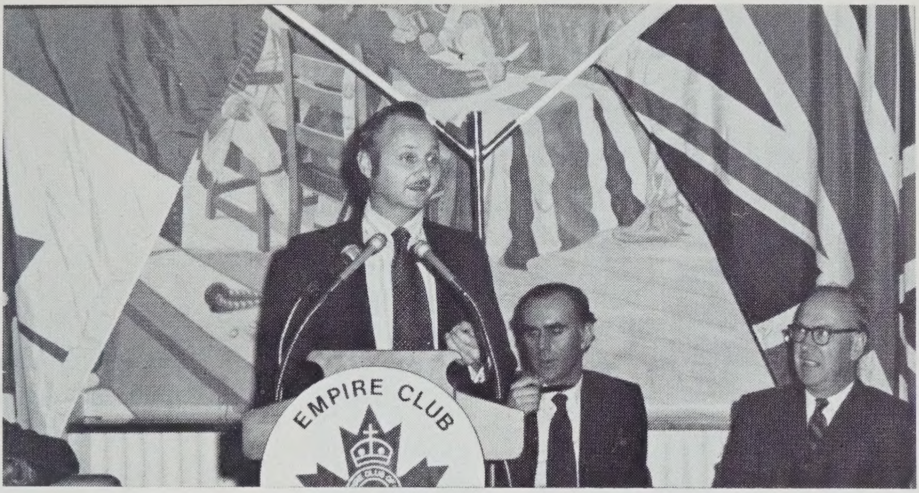
March 9, 1972
MR. DIEFENBAKER signs The Empire Club Guest Book surrounded by his former Cabinet Colleagues.

Left to Right: THE HON. HUGH JOHN FLEMING, P.C., M.P. (National Revenue); THE HON. GEORGE H. HEES, P.C., M.P. (Trade and Commerce); THE HON. MICHAEL STARR, P.C. (Labour); JOHN PALLETT, Q.C. (Former Chief Government Whip); SENATOR, THE HON. DAVID J. WALKER, Q.C., P.C. (Public Works); COL. THE HON. PIERRE SEVIGNY, P.C. (Associate Defence); THE HON. WILLIAM J. BROWNE, P.C., Q.C. (Solicitor General); THE HON. J. ANGUS MACLEAN, P.C., M.P. (Fisheries); THE HON. WALTER DINSDALE, P.C., M.P. (Northern Affairs and Natural Resources)

March 2, 1972
DR. ROBERTSON DAVIES, B.LITT., LL.D., D.LITT., D.C.L., F.R.S.C.
Master of Massey College
"How the Writer Reaches His Public"



March 16, 1972
GERALD LEDAIN, Q.C.
Chairman of The Committee of Enquiry Into the Non-Medical Use of Drugs
"Drugs and Society: What Can a Public Enquiry Do?"

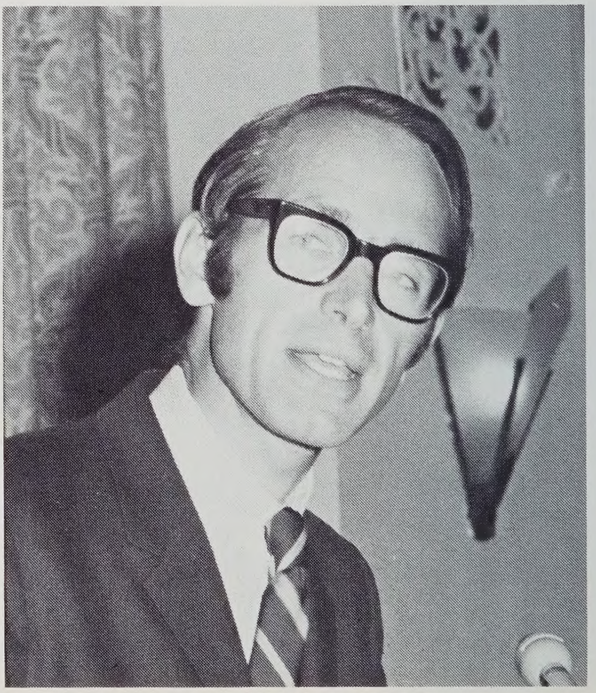


March 23, 1972
MAURICE F. STRONG, LL.D.
Secretary General of the United Nations Conference on the Human Environment
"The International Response to the Challenge of the Human Environment"

March 30, 1972
W. EARLE McLAUGHLIN,
LL.D., K.G.ST.J.
Chairman and President,
The Royal Bank of Canada
"Some Observations on Canada-U.S. Economic Relations"

April 6, 1972
BRUCE J. LEGGE,
C.ST.J., E.D.,
C.D., Q.C.
Chairman,
Workmen's
Compensation
Board of Ontario
"The Right to Know"

April 13, 1972
DR. JOHN R. EVANS
President Designate
of the University
of Toronto
*"The Universities:
Who Guides Their
Response to
Changing Needs?"*



April 20, 1972
The Hon. John P. Robarts, p.c., q.c., ll.d.
Former Prime Minister of Ontario
"Some Comments After One Year's Contemplation"

May 4, 1972

THE LEGER LUNCHEON

Left to Right: The Rev. George B. Snell, Anglican Bishop of Toronto; His Eminence, Paul-Emile, Cardinal Leger, Former Archbishop of Montreal; His Excellency, Monseigneur Philip E. Pocock, Archbishop of Toronto; The Rev. George Morrison, Secretary-General of the United Church of Canada

May 4, 1972

HIS EMINENCE, PAUL-EMILE, CARDINAL LEGER

Former Archbishop of Montreal

"The Third World"

ranges of 2½ to 3½ per cent increases in real output and 3½ to 5 per cent increases in prices. In retrospect, these forecasts were fairly good. The actual results for 1971 are for an increase of slightly over 3 per cent in real output and slightly over 4½ per cent in prices. This year, it appears that the forecasts for 1972 are likely to be concentrated in the 8 to 9 per cent range, with projected increases of around 5 per cent in real output and around 4 per cent in prices. Indeed some of these forecasts, including some of those presented at the Economic Outlook Forum of The Conference Board a few weeks ago, suggest highly favourable contours for the U.S. economic outlook in 1972 – with *simultaneous achievement* (and I would like to emphasize *simultaneous achievement*) of faster productivity gains, reduced unemployment, smaller year-over-year price increases, and some strengthening of the U.S. balance of payments position. If these projections are anywhere near the mark, the U.S. economy will grow by close to $100 billion in 1972. This implies that it will *add* to its output of goods and services an amount approximately equivalent to the entire Canadian output of goods and services *in a single year*. The last year in which this happened was 1966. And there is little doubt that in the event of any such strong economic expansion in the United States in 1972, there would inevitably be a very wide variety of strong "spill-over" effects on the Canadian economy. Elsewhere, however, the external economic environment may be less favourable to Canada. The Japanese and many European economies have recently been encountering less buoyant expansion than they had generally experienced through the 1960's, and at least at this point of time, very few of them anticipate the resumption of a dynamic new round of expansion in 1972. But, as has obviously been the case in the past, it is U.S. economic developments that constitute the predominant external economic influences on Canada, and it is the U.S. outlook for economic prosperity in 1972 that should weigh most heavily in appraising the external setting for Canadian economic progress in the coming year.

(3) Third, Canada entered 1971 with a *highly restraining* overall fiscal policy setting, and an expansionary monetary policy setting. Undoubtedly, the monetary expansion in 1970 (especially from the second quarter onwards) contributed, with its not unusual long lags, to the faster growth of the Canadian economy in 1971. In contrast, fiscal policy – as reflected in the substantial high employment budget surplus for all levels of government together – undoubtedly acted as a partial drag on the business recovery in 1971. In contrast with the situation a year ago, we have entered 1972 after a further full year of exceptionally strong and sustained monetary expansion. And we have also entered 1972 with fiscal changes made during 1971 that have greatly eased the previous degree of fiscal restraint. Again, given the typically long lags with which such major policy changes affect production, incomes and employment, it is probable that much of the stimulating effect of the demand policy settings in 1971 will actually be felt in the economy in 1972. Still further, as we enter 1972, both monetary and over-all fiscal policies still appear to be shifting towards more expansionary settings.

Thus, we now start 1972 with a generally sound basis for sustained economic expansion. Canadian economic forecasts for 1972 have recently been ranging from conservative views of an 8½ or 9 per cent increase in GNP (5 per cent volume and 3½ to 4 per cent price increase) to more "optimistic" views of a GNP growth of "10 per cent *plus*" (over 6 per cent in volume and 4 per cent or more in price increase).

A 6 per cent increase in real output in 1972 would be great enough to permit some reduction in unemployment – perhaps to a rate under 6 per cent for the year as a whole. It would be a large enough expansion to permit some further narrowing of the present gap between actual output and potential output. It would undoubtedly be accompanied by a continued rapid increase in corporate profits, and by especially high growth rates in some other incomes (such as government revenues flowing from income taxes). And it could probably be accommodated without general excessive pressures on existing productive capacities – in short, there are likely to be few physical bottlenecks to impede an expansion of this order of magnitude.

At the same time, if expansion were to occur on such a scale, and on a fairly sustained basis through 1972, some very important questions would arise for decision-making during the year. Indeed, even with this kind of possibility in prospect, questions are already beginning to arise:

- about early decisions that may need to be made to expand productive capacity in various industries (especially since there is a long lag in many cases between such decisions and the actual efficient flow of new production from new or enlarged facilities);
- about moderating the rate of monetary expansion (especially now that such a relatively large degree of liquidity has been created in the economy); and
- about steps to assure timely access to increased manpower of appropriate qualities (especially now that we are in a decade in which we will be short of *experienced* manpower of many types).

In any phase of strong business expansion, the two basic aspects of economic performance requiring closest attention are *price increases* and the *balance of payments*. These are both matters that will undoubtedly be the focus of considerable interest in 1972.

In the case of prices, such interest will be sharper than usual. Generally, in the past, inflation has become a serious problem only in the later stages of expansion, *after* unemployment has declined substantially, *after* demand has begun to press on available supplies and productive capacities in various markets, *after* a major investment boom has been generated, and *after* belated shifts to expansionary policies have been carried to a point where lagged expansionary effects are inevitable for a considerable time. But, on this occasion, we are moving through the earlier stages of a business expansion with relatively larger price increases – and, what is more, expectations that they may continue, if not accelerate – than in comparable earlier periods. Moreover, we are also moving forward against the background of the huge monetary expansion of the year – the kind of expansion which, according to a growing segment of professional economic views, could help to set the stage for a subsequent acceleration of price increases. Similarly, high rates of price increase have become a general, world-wide phenomenon, and we are likely to have less favourable external conditions for maintaining reasonable price stability than in the early stages of any previous business upswing in the past twenty years. (I make this statement, incidentally, with full recognition of the efforts being made in the United States to curb rising prices and incomes. But in the United States, as has invariably happened with scores of other experiments around the world with controls and incomes policies aimed at economic stabilization, the combination of economic inefficiencies and social inequities which such policies tend to produce, are apparently already beginning to erode the basis for their effective, continuing role as substantial restraints against increasing prices and incomes over any very extended period of time.) The fact is that inflation is a complex process. There are no simple, easily identifiable villains. And there are no simple cures for it. But we will undoubtedly continue to be deeply troubled by general price and income increases in 1972.

Regarding the balance of payments, the general past tendency has been for imports to rise more rapidly than exports during a phase of business upswing, but for increased capital inflows to sustain equilibrium in the overall balance of payments. But, on this occasion, even with a floating Canadian dollar that should help significantly to reconcile domestic expansion and international payments viability for Canada, there is an unusual set of uncertainties concerning Canada's international payments situation, including:

- the lagged effects (which have by no means been fully reflected yet in Canada's trading position) of the appreciation of the Canadian dollar since May 1970;
- the effects of the December 18th agreement about significant international currency realignments;
- the adjustments in trade barriers being negotiated between the United States and its major trading partners, including Canada, and the possible implications of the U.S. DISC legislation;
- the complex and uncertain consequences of expansion of the European Economic Community;
- the question about whether the United States will, in fact, achieve a substantially improved trade balance during the coming year (and, if not, what next?);
- the obvious need for more fundamental reforms of the whole postwar basis for international monetary, trade and other arrangements;
- the anticipated announcement of Canadian policy regarding foreign investment in Canada, and the increasing mood of economic nationalism in public debates about commercial and industrial policies in Canada; and
- the possible effects of Canada's new tax legislation on various types of transactions affecting the balance of payments.

In summary, 1972 will be a year with its own plentiful supply of uncertainties and controversial issues. But from the present vantage point, perhaps the most important thing about the economic prospects for 1972, is that these have already *largely* been determined by the conditions, policies and decisions that now lie behind us. Barring major unexpected events, the main features of the economy's performance - on growth, employment and unemployment, prices and costs, trade and payments, and even regional trends - cannot be greatly affected by evolving conditions or major policy actions during 1972 itself. These will have their main effects in 1973 and beyond. This important matter of *long lags* is still not as widely understood or appreciated in Canada as it should be.

I believe that the die for 1972 has already been essentially cast, and that economic decisions can now be made with reasonable assurance that the economy is moving into a period of generally more favourable performance than we have experienced during the past few years.

Dr. Smith was thanked on behalf of the Empire Club of Canada by Mr. Peter Hermant.

EDITOR'S NOTE: Dr. Smith's remarks perhaps represent the most complete review of Canada's current economic condition ever given to an Empire Club audience. His basically optimistic forecast for 1972 was substantiated by events, business improved, and as suggested in the title of this Address, Canada's gross national product for the first time crossed the 100 billion dollar mark.

JANUARY 27, 1972

Poverty in Canada

AN ADDRESS BY

The Honourable David A. Croll, Q.C.

CHAIRMAN, THE SENATE COMMITTEE
ON POVERTY

CHAIRMAN
The President,
Henry N. R. Jackman

MR. JACKMAN:

Today we have with us as our guest, a man whose active political career has spanned almost half a century.

History tells us that David Croll's political life began on a rainy evening in 1919 when a young immigrant law student went to the old Foresters Hall on College Street where the Liberal Party of Ontario was holding a leadership and policy conference. Our guest heard the late Mackenzie King talk about measures to help Canadian workers and poor people, a minimum wage; an 8-hour day; unemployment insurance, medicare and social justice for all. David Croll was impressed by the promise of King's rhetoric, and in the intervening years his active life has been devoted to the cause of helping the underdog. Graduating from law school, he returned to his adopted City of Windsor, became active in Liberal politics and to everyone's surprise was elected Mayor of the City of Windsor at the age of thirty. Four years later he was elected to the Provincial Legislature, becoming simultaneously Minister of Welfare, Minister of Municipal Affairs and Minister of Labour, a combination of portfolios which even in this day of the super Minister at Queen's Park would make Darcy McKeough blush.

As Ontario's Minister of Welfare, he placed his own family on a welfare food budget just to discover how inadequate it was. He encouraged hunger marches and urged the poor to be vocal and strident about their grievances. For a minister in power, David Croll's identification with the dispossessed naturally caused a certain uneasiness in Government circles, and in 1937 the real crunch came when events so determined themselves that David Croll was forced to choose. In depression torn Oshawa, housewives were doing alternate duty on bread lines and picket lines, and the issue was whether the Government was justified in sending in militia troops and provincial police to break up the pickets of the automobile workers, whose only fault was that they wanted to have their own union. David Croll handed in his resignation and in so doing issued this statement, which has now become part of the folklore of Canadian politics:

> "Thousands of working men and women of the Province of Ontario have come to look to me as their protector and their champion. I feel that I cannot now fail them. In my official capacity I have travelled the middle of the road, but now that you have put the extreme alternative to me, my place is marching with the workers rather than riding with General Motors."

Croll resigned from the Government, but he would not admit that he was beaten. Returning to Windsor, he was once again acclaimed as their Mayor, and after distinguished war service he was elected to the Federal House of Commons for Toronto Spadina. The nine years that David Croll spent as a Member of Parliament may have been frustrating ones for him, as it became apparent to all that the idealism of the Mackenzie King of 1919 was not fulfilled by the measured caution of the King and St. Laurent Administrations of the post-war years. At times David Croll must have seemed like a voice crying in the wilderness. Some have suggested that Croll's independence of spirit, although personally admirable, could not be reconciled with the practicalities of running an Administration where loyalty to the system was valued above all else. Others have said that public attitudes of the day had not as yet progressed to ever include in the Cabinet a man of other than French-Canadian or Anglo-Saxon origins.

In any event, in 1954 David Croll was sent to the Senate by Louis St. Laurent in what may have been an attempt by the then Government to bury its own conscience. Even our guest at the time exclaimed: "I was not lead, I was pushed"; and stated "I am not going to be an ornament", immediately continuing reform policies in such fields as consumer credit, the cost of living, old age pension supplements, divorce reform, and now this his final battle for the little man, his program which can hopefully tackle the problem of poverty for the first time on a realistic basis.

David Croll never got to be Prime Minister, in fact he never even got to be a Federal Cabinet Minister, and sat quietly on the back benches when many lesser but more accommodating men received advancement. Greatness, however, can never be measured by honours or position, and if the measurement of a man can be determined by devotion to the cause of social justice and human betterment, then David Croll truly stands among the giants; and for this reason I have the very high honour of presenting to you the Honourable David A. Croll, Q.C., Chairman of the Senate Committee on Poverty.

SENATOR DAVID CROLL:

I am privileged in addressing this distinguished and historic club which from the time of its birth has steadfastly stood for a united Canada within the Commonwealth.

I feel certain that some of you have known poverty at close quarters – many others have a memory of gentile poverty, others are aware of its existence and its impact.

The Economic Council of Canada in its fifth Annual

Report in September '68 vividly brought to the attention of Canadians the state of the nation. They were told by the Council that 25 per cent of Canadians were living in poverty, defined both in relative and absolute terms. It came as a great shock to Canadians. The Council further suggested that the matter not be left in abeyance but that the Senate of Canada involve itself to seek a remedial process.

We accepted the challenge, because it had to be done and, moreover, because it had not been done since the birth of our nation, now more than 100 years.

Poverty per se had not been studied. In November of 1968 we began an odyssey that took the committee from one end of Canada to the other and ended three years later with the Senate's Report on Poverty in Canada.

We held 93 public hearings, received 209 briefs, heard 810 witnesses and printed 6 million words. In addition, the committee met with hundreds of poor in their homes and at evening gatherings. The report "Poverty in Canada" was presented to the Senate and the country on the 10th of November last.

The challenge to the Senate was that poverty is a great social issue of our time and unless we act now nationally and in a new and purposeful way, 5 million Canadians will continue to find life a bleak, bitter and never-ending struggle for survival.

It was obvious that the poor do not choose poverty. It is at once their affliction and our national shame. Unlike the poor of earlier days, they know how poor they are, and so they face the future with little hope and mounting anger. The children of the poor (and there are many) are the most helpless victims of all, and find even less hope in a society whose social-welfare system from the very beginning destroys their dreams of a better life.

The grim fact is that one Canadian in four lacks sufficient income to maintain a basic standard of living. Once caught in the trap of poverty, it becomes a trap and a web from which too few escape.

I am reminded of the temporary civil servant who was finally put on the permanent staff. Overjoyed, he broke the glad news to his wife, who, womanlike, asked what pay increase was involved. When told that the pay was precisely the same, she exclaimed, "Oh, that's ridiculous! We're living in poverty now." "I know," replied the lucky fellow. "But, thank God, it's permanent!"

Let me make very clear at the outset of my remarks that the Senate Committee which produced the Report on Poverty at no time claimed that its recommendations would wipe out poverty if only the government of the day would implement them.

To make such a claim would be to strain the credulity of the Canadian people. We produced no instant cure, no panacea for the greatest social problem of our times. What we did say was that the time was long overdue for new thinking, a new approach to poverty and that our recommendations were the first firm steps towards bringing economic and social justice to five million Canadians. We did produce guide lines and a plan which is now before the people of Canada.

You, the audience, are composed largely of business leaders in a wide variety of enterprises, men who are responsible for the conduct of large undertakings. You are able to read a balance sheet and learn from it the state of a business, whether it is prospering or ailing. Evaluation of your enterprise must be as constant as the clock.

If the social welfare business of Canada had been in the private sector, it would have long ago been declared bankrupt. The reasons are not hard to find. Resistance to change, a stubborn refusal to modernize its thinking, a failure to understand the root causes of poverty, inadequate research and the bureaucracy digging in to preserve itself and the status quo, are some of the basic causes of the dilemma in which we find ourselves today.

In tabling the poverty report in the Senate, I said at that time, "In our attitudes toward the poor we have been passionately wrong with a high degree of consistency. Good intentions alone have never lightened the burden of poverty. The ugly subculture of poverty has become a way of life for generations of Canadians who are victims of frustration, despair and apathy."

Harsh words? Yes, but they apply with complete accuracy to the situation in Canada. We are pouring billions of dollars every year into a social-welfare system that merely treats the symptoms of poverty but leaves the disease itself untouched.

The working poor, that huge army in the labor force whose income is grossly insufficient, are not helped by a system which is archaic and unworkable in terms of human needs. Forty per cent of the working poor, those who work full time for low wages and could do better on welfare, resist welfare and make do. We hear very little about these people.

We fashioned a social welfare machine, lubricated it with our dollars and then turned our back on its operation. It has become a social wasteland and an economic morass into which we pour more than 7 billion dollars each year without reaping any but the most meagre returns.

We recommended that the welfare system be scrapped because it is obsolete, lacking in regard for human values and unable to alleviate poverty let alone eliminate it. It has no defenders only offenders. Not one person came forward to praise or defend it.

Let me remind you that the members of the Senate Committee on Poverty were not starry-eyed dreamers insulated from reality – middle of the road extremists sometimes. They shared many of the views held by Canadians generally, views built on myths surrounding the poor. People in the country are convinced that hidden away among the nation's welfare recipients are a great number of healthy, qualified men and women who are able to support themselves by their own efforts.

Certainly there are some pretenders and offenders on the welfare rolls but the vast majority are the elderly – disabled – illiterate – children – mental – deserted, divorced and widowed mothers with children.

Many more can't work. They lack skills, stability and women who have family responsibilities.

The number who beat the game are never more than one per cent. That has been the American experience and that has been our experience.

But after three years of constant confrontation with poverty across Canada; of seeing first-hand the consequences of this sickness; after talking to the poor and poverty stricken and hundreds of lay and professional persons, the committee members emerged from this experience with a new outlook and a determination to bring about a new beginning and to begin a meaningful dialogue with the Canadian people. We don't pretend that the Report on Poverty is the best report that could have been written. Its impact lies in the fact that it came from the Senate. It's now on the Agenda. The dialogue has begun.

The plan we propose has a philosophical basis which is essential to its success and which is conspicuously lacking in the existing social-welfare system – a clearly defined work incentive. We want those in the labor force and particularly the working poor, the disadvantaged citizens of this country, to participate in their own salvation.

It is a sad commentary on our economic system that the working poor toil for poverty wages that are generally less than they would receive on welfare. Many of those who receive minimum wages would be better off at basic welfare levels.

What kind of a system have we developed that says it is more profitable to go on welfare than work? And so I repeat, our recommendation will put an end to that system. It will reverse that trend. Under the new system it will be more profitable to work full time, part-time, broken time, or over-time. Work and benefit is the theme of our submission. The plan we propose is to be phased in during the '70's or sooner.

The central recommendation in the report calls for a guaranteed annual income using the negative income tax on a uniform, national basis, based on need. Incorporated in it would be a work incentive to ensure that those who work will receive and keep more income than those who do not. The plan to be financed and administered by the federal government making uniform cash payments to all resident Canadians in economic need. Payments would vary by family size and need and would establish a floor level below which no family unit would be permitted to fall. The plan has its essential ingredient – income – maintenance – work incentive.

The report deals with many matters but was very clear that education and training for relevant skills were diplomas out of poverty.

To avoid piecemeal and fragmented approach to income security, we recommend income from the federal government, services from the provincial government, delivery of all services under the umbrella of The Canada Assistance Act which is now on the books and adequate to meet requirements.

We also recommend the repeal of all income providing social measures wherever they may be found and there are about 200 of them, leaving only three untouchable measures:

(i) The Canada Pension Plan;
(ii) Unemployment Insurance; and
(iii) Agreements with Native Canadians.

Immediately the report was made public, government spokesmen said it was too expensive. There wasn't time to read it let alone to digest the report, but still it was possible to come to an instant conclusion that Canada couldn't afford to undertake such a drastic change in its social-welfare policy.

Putting the human aspect of the problem aside, a guaranteed annual income, together with the other recommendations we have made, will increase our gross national product by an estimated $2 billions annually. This will come about by lifting the working poor to a stage of productivity enjoyed by the more fortunate class of Canadians and from increased consumer spending.

In any business, if a service or product proves unacceptable to the public, it is scrapped or significantly changed. You don't stick with it simply because this is what has always been done. In the public service area, we have stayed with an unacceptable product – a welfare system which is a hangover from another era and which has no relevance today.

We Canadians are a conservative people, a small C conservative, thank heavens. In all walks of life the time inevitably comes when there must be new thinking, new concepts, new methods. But we are evolutionists, – we do things slowly, oh so slowly.

Let me give you a few examples of what I mean. In 1966, universal old age security at age 65 was a Senate proposal – it was then being paid to those 70 years of age and over – a revolutionary concept which many Canadians found difficult to accept. Today. the age has been reduced to 65 and there is a supplementary payment to those in special circumstances. When the recommendation was made by the Senate Committee, of which I was chairman, we estimated the cost might be about 150 million dollars. The cry went up immediately – we can't afford it. Less than two years later we not only could afford it but we added a supplement and it's now one of the programs to which we point with considerable pride as the old age security cheques keep coming into the Canadian homes.

All of you recall the great debate in this country in 1968 when we couldn't afford medicare or so went the argument, but we could, we did and are better off for it and richer – richer in a sense that the greatest pauperizer of all was, and is, sickness. It not only pauperized families, sometimes generations. That to our everlasting credit has been brought to an end.

A philosopher once said that all good ideas pass through three stages – ridicule, discussion and adoption.

Social ideas with political amplification pass through five stages:

(1) Those opposed – impossible.
(2) Unconstitutional.
(3) It may bankrupt the country.
(4) Not a bad idea, but you are going about it in the wrong way.
(5) Well – we were for it all the time.

But in the field of social-welfare, we continue to carry on as we did in our grandfather's time. Governments resist new ideas; it is easier to do it the way we did yesterday than to undertake new ways.

The social-welfare system we have today will never break the poverty cycle which condemns children born in poverty to grow up and live their lives in poverty, as did their fathers before them. Some escape the poverty trap, but they are few. For nearly all there is lack of education, lack of opportunity, lack of incentive. We feed and clothe and shelter them but in the end they remain second-class citizens.

A guaranteed annual income will cost more than we are wasting and misspending today. How much more? Well, the Senate Committee said that if the plan had gone into effect in 1967, the net cost would have been between $600 million and $700 million which would have been about one per cent of the gross national product. Projecting this figure to 1970, or 1971, the cost of the program would be about one per cent of the gross national product of $84.5 billion. The gross national product will be $100 billion in 1972. Truly we are dripping with wealth. The poor in this instance don't even get the drippings.

The price of reform is always high, but the stakes are high. I repeat, we are not so naive as to believe that we can abolish poverty overnight. But what we can and must do is move slowly but steadily in that direction, blunting the effect of poverty by all the means within our power and within our material resources. Have you ever given thought to what might have been and should have been if after the war when the colonial and other subjugated people were breaking their shackles, the people of the United States had done something for the Blacks and had continued to do more from year to year? Ask yourself, would it have been necessary for thousands of communities in the United States to build walls around compounds? Isn't there a lesson for all of us?

The report rejects the bland assumption that we can't afford to give a more enlightened deal to the people living below the poverty line. We can't afford to continue pouring billions into welfare in what is little more than a holding operation.

What does the guaranteed annual income do? In essence, it simply means providing a floor below which the income of Canadian families will not be allowed to fall. We recommend that for a family of four the guaranteed income be $5,000. That for a start it be fixed at 70% of $5,000., that is $3,500., and that it be increased progressively in accordance with our capabilities. Initially, basic allowances would be reduced at the rate of 70 cents for every dollar of other income, and the worker would retain 30 cents. This is not as high as we would have liked, but the committee had to consider what was possible and what was not. We had to make a start somewhere.

To prevent the guaranteed annual income from becoming eroded by inflation and thus obsolete, we have recommended that the poverty lines we developed be geared to the average standard of living and to the gross national product. Those below the poverty line should be exempt from taxation. Presently the low income groups pay a disproportionate amount of indirect taxes. Carter documented that beyond question.

The poor of Canada, the dispossessed, are largely an invisible problem. They are with us but not of us, we don't come in contact with them. We know they exist and most of us believe something should be done about it, but that's about all.

"Many times in our history we have declared war on poverty. Banners have been unfurled, trumpets have sounded, brave speeches have been made on the eve of battle, but never has the battle been fought. There have been skirmishes, but not wars. This shallow and inconclusive contact with the enemy appears to have satisfied the collective conscience of the more fortunate majority."

We have opened a dialogue with the poor. Our plan is to involve them and they so much want to be involved. They're really tired of having other people continually tighten their belts. That dialogue has been widened to include the whole Canadian community. This is good. We who carried out this mission of exploration do not pretend to have all the answers to a social question that has bedevilled mankind down through the centuries. But for the first time in our history, something definite, innovative and challenging has been placed on the agenda for our consideration. Let us deal with it fairly and without prejudice.

In that way we can move into the remaining years of the 1970's with the knowledge that the concept of poverty can be defeated and the actuality of poverty can be ameliorated, if there is the will and the courage to fight it with new tools.

The elimination of the scourge of poverty from the land is a vital national goal. It cannot be achieved without the compassion, the understanding, and the co-operation of the Canadian people. The test of national progress is surely not merely in providing more for those who have much – but also in providing enough for those who have too little. We must move from welfare strategy to income strategy; from services to money; from helplessness to hope; and from despair to destiny. We propose to pay people, not governments.

Five million fellow-Canadians, a veritable army of the dispossessed, cry out for action that will free them from the trap of poverty. They ask to be treated with the decency and dignity due to fellow human beings, and if their voices are becoming more insistent, it is understandable in the light of their experiences.

I am pleased that you gave me the opportunity to present you with a social preview of tomorrow.

Senator Croll was thanked on behalf of the Empire Club of Canada by Mr. Norman Borins, Q.C.

EDITOR'S NOTE: By the 1970's, Canada's social welfare policies and the official attitude to the problem of poverty were coming under close scrutiny. Many observers questioned the efficacy of the various forms of social assistance that had evolved over the past forty years. In spite of the expenditure of over $7-billion annually, the Economic Council of Canada reported that over 20% of all Canadians were living below the poverty line.

Senator David Croll, Q.C., became Chairman of the Special Senate Committee on Poverty and undertook to make a comprehensive report on the problem and to recommend a solution.

"The Croll Report" – the chief recommendations of which are outlined in this Address, suggested a "guaranteed annual income" with built in "incentives" to encourage welfare recipients to seek employment. The Croll proposals received a great deal of publicity, but to date, have not been accepted by the government.

The Federal Government's own White Paper on income security was issued in November of 1970 and outlined in detail, proposals "to redistribute to the best effect, the money already in the system".

The Government proposals recommended increased benefits for the poor to be financed in part by reducing existing benefits (family allowances, old age security) to upper *and middle income families. Government policy seemed to be rejecting the principle of universality, which for the past 40 years, had underlain Canada's social security programs and appeared to be moving much closer to the "negative income tax" or "guaranteed annual wage" suggested in the Croll Report.*

Since 1970, however, the Federal Government appears to have backed away from much of the philosophy in its own White Paper and has rejected the "guaranteed annual wage" as being too expensive for the present. Whereas, Senator Croll suggested that his program might have cost an additional $600–$700-million in 1969 and perhaps $900-million in 1970, both Health Minister John Munro and Finance Minister John Turner, have claimed the program would cost several times as much.

FEBRUARY 3, 1972

Canadian Independence: Two Viewpoints

TWO ADDRESSES BY

Mr. Jack McClelland,
PRESIDENT OF MCCLELLAND AND STEWART LIMITED, AND PAST PRESIDENT, COMMITTEE FOR AN INDEPENDENT CANADA

together with

Mr. Robert M. MacIntosh, PH.D.
DEPUTY CHIEF GENERAL MANAGER, BANK OF NOVA SCOTIA

CHAIRMAN

The President,
Henry N. R. Jackman

MR. JACKMAN:

The preservation of a separate Canadian identity has ben a subject of recurring interest to Canadians throughout our entire history. The debate on this important matter has been complicated by the fact that there has never been any degree of unanimity as to what a Canadian identity really means. Opinions on this have varied depending completely on the perspective of the observer. For instance, our early settlers had a very different opinion as to what constituted a free and independent Canada than did the North American Indians – General Wolfe had a slightly different view of the matter than did General Montcalm.

The Empire Club of Canada may also have played its part in attempting to determine Canada's identity as our Club's early principles spoke of "An Independent Canada within the Empire". Now, this may have meant not only loyalty to King and Country, but some students of history might have interpreted it to have meant unswerving devotion to those principles of religious and political toleration which were enshrined in the British "Act of Settlement" of 1689; confirmed by the Hanovarian Succession to the British Crown in the person of King George I in 1711 and vindicated by the victory of English steel and English valour on Culloden Moor in 1745 when Bonnie Prince Charlie and the Scottish Clans then in the pay of the French King went down to defeat thereby assuring for all time that Britain and her colonies would be ruled by Anglo Saxons rather than by Scotsmen thus preserving our own independent identity.

However, perhaps fortunately or unfortunately, depending on your point of view, the Highland Scots did not remain defeated and their progeny have become so numerous and so taken control of our cultural, educational, publishing and financial institutions that vital decisions effecting the future of our country are now being made not by Anglo Saxons – but by Scotsmen.

The boardrooms of our largest banks are now occupied by descendents of the Clans – McLaughlin, MacKinnon, Mulholland, McNeill, Ritchie, McDougall and now MacIntosh.

They have taken over control not only of our greatest publishing houses, thus permeating the minds of our children, but have now presumed to take over our independence movement itself which was headed by a McClelland who had a partner by the name of Stewart, whose ideological mentor was a man named Gordon, and I am even told that the "Committee for an Independent Canada" has an organizing secretary with the most improbable name of Flora MacDonald.

To debate therefore over the remnants of our Anglo-Saxon heritage, we have two Scotsmen. On my immediate right is Mr. Robert M. MacIntosh, Deputy Chief General Manager of the Bank of Nova Scotia. An academic by training, a Ph.D. from McGill with post-graduate credentials from Trinity College, Cambridge, he was a Professor of Economics at Bishops University prior to joining the Bank of Nova Scotia in 1953 where he progressed through the Economics and Investment Departments to become Deputy Chief General Manager in 1968.

He has contributed numerous articles to the learned press and is well-known to audiences as an expert on the money market, foreign investment and capital flows between nations. He has maintained his interest in the academic world and is now serving as Chairman of the Board of Governors of York University.

On my immediate left, is Mr. Jack McClelland, who despite his youthful appearance, for the past 20 years has been the active head of McClelland & Stewart, and without question, the best known publisher in Canada. Under his leadership, McClelland and Stewart have actively promoted Canadian authors so that they have become literary giants not only in Canada but throughout the world. No man has done as much for publishing in Canada as Jack McClelland, and it is perhaps natural that a man who has spent his entire life in promoting Canada, as seen through the eyes of Canadian authors, would have a very high awareness of what an "Independent Canada" really means. No matter whether or not we agree with his views, Canadians will always be indebted to Jack McClelland for making us more conscious of the potential of our heritage and the richness of our country's literature.

These two gentlemen will each speak for twelve minutes. Mr. McClelland will speak first. After they have finished their twelve minutes they will each have a rebuttal of eight minutes. I will now call on Mr. Jack McClelland.

MR. JACK MCCLELLAND:

Franklin D. Roosevelt once said, "We have always known that heedless self-interest was bad morals; we know now that it is bad economics". Were that great American statesman a Canadian living in 1972, he might expand that message to say that it is not only bad economics, it totally denies the future. Or, to express it quite differently, if we as one of the wealthiest nations in the world can't adjust our system sufficiently to regain our self-respect and some real measure of independence, then God help us and God help mankind.

I have deliberately started with this quotation because I want to stress that I am not anti-American. I admire the American people for the great love, respect and loyalty they feel for their own country. I am not anti-U.S.A. I am not even pro-Canadian, for that would oblige me to condone that peculiar myopia of ours that has almost become a national symbol. No, I am an average Canadian who happens to care about this country. I favour peace. I have no wish to rule or dominate the world for economic or for any other reasons, nor do I wish to be part of such domination no matter how benevolent it is. And just as I don't wish to dominate, I don't intend to be bullied, smothered or owned by any other country. There are some in this nation who feel as I do. I call them Canadians.

When I agreed to participate in this debate many months ago, it was my assumption that our Federal Government would have long since shown us the promised leadership. Most of my associates in the struggle for Canada's future – whether they be members of the Conservative, New Democratic or Liberal parties – are highly critical of our Prime Minister for his procrastination. Although I share the frustration, his reluctance underlines one of the truly alarming aspects of the issue.

When the Committee for an Independent Canada met with Mr. Trudeau in July, he spoke openly and frankly. He said that he was fully in accord with the aims and objectives of our organization. He said that he would soon introduce legislation that might please some of us and disappoint others, reminding us that a political party could not always move as quickly or as far as it might choose, for the obvious reason that it must remain in accord with the public. In other words, governments are elected. He urged us to continue our activity and establish a climate that would permit government to take the steps needed to achieve economic independence.

It is said that a politician should be judged not by what he says but by what he does. In my opinion, Mr. Trudeau's words were those of a sincere man. We can expect him to go as far as he thinks he can without rocking the vote.

The foreign-ownership debate – the single most important issue facing us today, if we recognize national unity as an integral part of it – will determine our future. The most reactionary among us must now recognize that fact. I suggest that it is too important to be left to the compromising jungle of party politics.

What can we expect from Mr. Trudeau? In my opinion, at best a dangerous but plausible compromise. We delude ourselves into thinking that a Prime Minister's first concern is Canada, present and future. And we ask him at the same time to function in a system where his first concern must be the re-election of his party.

The time for action is almost past. The threat is now from within. We have brought the Wooden Horse within our gates. Foreign influence has seeped into the very marrow of our society. Greed, self-interest, complacency, confused purposes – values not introduced, perhaps, but certainly encouraged by the presence of foreign capital – have replaced the self-sacrificing determination that built our country. The threat is from within, and the political courage needed to combat powerful vested interests is more than we can expect of any man. Are we then to be victims of our own greed? Possibly.

After travelling across this country for a year and a half debating this issue, I am satisfied that the vast majority of true Canadians seek economic and cultural independence. I am not satisfied that they have a reasonable way of demonstrating this in the next federal election. Just how is the individual voter to indicate concern about the future?

Should we vote for the NDP? Why not! This party is totally committed to economic independence. But in my view, it should not be necessary to vote for a socialist administration to express concern on this issue.

Should we vote Conservative? There is evidence that Mr. Stanfield may now take a more concerned position. That's cold encouragement. It has taken him a very long time to reach this stage. He will probably take even longer to do anything about it.

Should we vote Liberal? I have dealt with Mr. Trudeau's position. Many of his senior Cabinet associates, on the basis of past performance, and indeed on the basis of the historical performance of this party, would have to be dragged unwillingly to an appropriate stance. Mr. Trudeau may do it. He is perhaps the only individual in the country who could. But it would require involvement, commitment, and concern of a nature that one could hardly expect. I have forgotten who Hobson was but ours is a classic Hobson's choice.

I suggest to you that the time has come when we must direct our political leaders. The time has come when nothing less than a national referendum will do. This issue is too crucial to be settled on party lines. Let us find out whether or not Canadians are prepared to pay the price – if indeed there is one to pay – to preserve this country for future generations. I have referred to the threat from within. Let me identify part of it.

1. *Ignorance.* It persists despite the Gordon Report, the Watkins Report, the Wahn Report, a form of the Gray Report. We have had the report of the Inter-Departmental Committee for the Ontario Government. We've heard from the Science Council of Canada that unless the trend is reversed, the proportion of our work force involved in manufacturing will continue to drop and we will become mainly suppliers of raw material to North

America, and more startling perhaps, that only 15% of our scientists and engineers are engaged in research compared to 35% in the U.S. We have had repeated warnings from the Committee for an Independent Canada. Ignorance is one of the great threats. Ignorance and obfuscation. A statement by Professor Safarian of the U. of T. that the growth of foreign ownership is diminishing was widely quoted by newspapers with the implication that the threat may be passing. What bloody nonsense! Of course the rate is diminishing. At the levels that have now been reached, what else could it possibly do? Professor Safarian and others like him suggest that ownership is not the crucial issue. Of course it is, when the U.S. government chooses to use so-called free enterprise companies or multi-national corporations as an instrument of its economic and political policies. It has done so in the past. It will do so again.

2. *Regional disparity and the resultant lack of national unity.* Most of our Premiers are concerned with short run problems and with the voters in their own provinces. That's their mandate. They are reluctant to take a statesmanlike position in terms of Canada's future as a whole. And in that role they will continue to act as auctioneers of our independence.

   There are solutions to the problem of regional disparity, but there is little evidence that we are about to apply them. This devil-take-the-hindmost local approach is persistently applied despite the certainty that regional disparity can never be solved without economic independence. This country cries out for a national industrial strategy. Only that and the reduction of foreign control will assure jobs for the future.

3. *Our business community.* By financing election campaigns, it is the business community that indirectly chooses governments and indirectly determines the policies that will be followed. In a country where 75% of the major corporations; 60% of the manufacturing

industry; 60% of the mining industry; 85% of the smelting and refining; 90% petroleum; 95% automobile and automobile parts; 90% rubber, 75% chemical; 75% electrical apparatus; 90% computer and 90% of the corporations employing more than 5,000 people are foreign-owned, is it surprising that what is best for Canada's long term future is not necessarily the prime concern of business or of government? And don't expect senior executives of the more than 8,500 American subsidiaries now operating in Canada to speak out in favour of economic independence. When they do, expect them to join the ranks of the unemployed.

4. *Our international unions.* Who will have the courage to lead the fight for union autonomy from within the ranks of labour? In many ways the power of the American unions is as equally a persistent threat to Canada's future as that of foreign-owned business.

   In theory, it is flattering that the fee for hiring, for example, the Thunder Bay Symphony Orchestra is the same as for hiring the New York Philharmonic. In practice it is a bit confining for Canada.

5. *Our financial community.* There are a number of things that bother me about our financial institutions. It troubles me that a substantial proportion of the foreign takeover in the last several decades has been financed by Canadian money. It's easier and safer, perhaps, to lend money to the subsidiary of an American corporation than to its Canadian counterpart, but that doesn't make it right. I'm not critical of the institutions themselves so much as I am of the system. It is easier to raise money in New York than it is in Toronto. That doesn't mean it is in the public interest. I am not opposed to foreign capital or foreign investment, by the way. I am opposed to uncontrolled foreign investment and to foreign control of our critical industries.

6. *Another serious threat is the Canadian organization that isn't.* A Canadian phenomenon! It is standard practice

> in this country for a corporation to be styled John Doe Limited. Its competitor, foreign-owned, will be styled John Doe (Canada) Limited. To the average citizen which one is Canadian? Surely it would be a moderate step to insist that these companies be called John Doe Limited (U.S.) or (U.K.) or whatever. But far more of a misnomer may be an organization such as the Canadian Chamber of Commerce. It recently came out in favour of free trade with the United States. If this is a Canadian organization, one may question its judgment. If it is a U.S.-dominated Canadian organization, then there may be something more sinister at work. How Canadian is the Chamber? I have asked before and I ask again. What about the Canadian Manufacturers' Association? How Canadian is it? I do know that the Canadian Book Publishers' Council is substantially dominated by subsidiaries of foreign-owned corporations. It would be naive to expect that its policies are necessarily those that are the best for this country. And yet what would the unsuspecting public believe? I don't question the integrity of these organizations. I do think we should know exactly who is talking to us. We are not only surrendering our right to self-determination, we are handing over the weapons.

I have touched on a few of the internal threats. The common motive behind them seems to be either self-interest or concern for the status quo. There are those, fortunately, who may feel there could be a more serious purpose in our being here. That we may have a duty to husband our non-renewable resources; that we have some obligation to the future. I call them Canadians.

I would like to stress that my remarks today have not been made as an official spokesman for the Committee for an Independent Canada.

I started with a quote from an American. Let me end with a quote from a Canadian. Our Prime Minister says, "The government has no business in the bedrooms of the nation". Peter Newman says, "The U.S.A. has no business in the boardrooms of our nation". I wish Mr. Trudeau would adjust his priorities.

MR. ROBERT MACINTOSH:

If I may, Mr. Chairman, I would like to open my remarks on a personal note. My colleague on the platform today, Jack McClelland, is in one of his capacities a founding member of the Committee for an Independent Canada, which represents a spectrum of opinion which I do not agree with and propose to argue against today. In another of his capacities, he is a distinguished Canadian publisher who, according to his own statements in the past, has encountered some financial difficulties in the publishing business. I would just like to say that my critical remarks on his views should not take away in any sense from my respect and admiration for his achievements as a Canadian publisher. Any Canadian who reads books must know that he has frequently brought to market authors who would not otherwise have been heard, at his own financial cost, and we can only hope that his recent great successes in the publishing world will assure his further contributions to Canadian life and culture.

It so happens that Jack McClelland's industry is one which I would put special emphasis on in trying to arrive at an appropriate Canadian policy towards foreign ownership. On more than one occasion in the past I have said that all forms of cultural communication in this country should benefit from special protective measures against the pervasive influence of American thought and culture. The printing and publishing industry, television, the theatre arts, and other related fields of creative endeavour, are the means through which Canadians share a common experience in our national life. The only available alternative is word of mouth, which is not an effective medium for transmitting ideas and values from coast to coast. So you would not catch me in an argument with Jack McClelland on this score, except that I might go further than he would do in some areas of the publishing and broadcasting industry in order to offset the very considerable economic advantage which American firms have.

But when you get away from the media, it is my contention that foreign cultural influences do not travel on the back of foreign ownership of business and industry, by and large. In our search for national identity and "independence", we have to make sure that we are identifying real problems, because if we fix our attention on non-problems, we will clearly produce illusory solutions. I find it very hard to see how the indigenous culture of Shawinigan or Sudbury is particularly affected by the fact that the major industrial firms in those communities are majority owned in the United States. Quite a few economists and sociologists write about the foreign ownership subject as though there were some identifiable connection between foreign ownership and political and cultural life in this country. Oddly enough, no one has ever undertaken a study to show how this takes place if at all. Does anyone imagine for example that the recent provincial elections in this country were influenced to any degree at all by American pressure to do one thing or another? Anyone who has been around as long as Jack McClelland and I have been, surely knows that the younger generation is far more stridently nationalistic than it has ever been before in our history. If our national life has been so subverted by foreign ownership, how come the young people are not all craven admirers of American foreign policy or whatever? The process of achieving cultural maturity and identity is a long one, which has come to us over a considerable period of time from the days when we were a colonial dependency to the present time when we are on the threshold of being our own selves. But I contend that foreign ownership has little or nothing to do with the issue.

Indeed, my chief complaint against Jack McClelland is that he does not read his own authors carefully enough. In Pierre Berton's splendid history of the C.P.R., we read with astonishment of the machinations which went on between an American railway consortium and the government of the day. Who could imagine such events taking place today without the most violent political reaction? Since it would hardly be fair to criticise John A. Macdonald without balancing the ledger, let me refer you also to Joseph Schull's biography of Laurier, published by another firm. Only seventy years ago, Wilfred Laurier, as Prime Minister of Canada, sent a delegation representing this country to London and Washington to participate in the negotiation of the Alaskan panhandle controversy, which determined the borders of British Columbia, the Yukon and Alaska. He found himself quite unable to act, since the matter was settled for him by the Secretary of State of the United States and the Foreign Minister of Great Britain. Could anyone conceive of a controversy say over the question of territorial waters being settled by the international great powers with our government represented by some sort of dormouse? The idea is too ludicrous to pursue. Yet we are told on all sides, even in the Ontario Government's report of the Interdepartmental Task Force on Foreign Investment, that our independence is eroding away and that something must be done. This is simply the purest nonsense, yet it has almost become a motherhood issue with a very wide segment of the population and consequently in all major political parties.

In my opinion the Committee for an Independent Canada is preoccupied with questions of form rather than questions of substance. The substantive issue is whether or not it is within the power of Canadians to control their economic and political destiny, insofar as any country in today's world can be said to have such autonomy. Foreign ownership is not an end in itself, and for that reason I call it a question of form rather than substance. What the nationalists are looking for is not domestic ownership as such, but the benefits which are supposed to flow from domestic ownership as opposed to foreign ownership. It is rather important that we do not confuse means with ends. Our ultimate objective is to increase the well-being of all Canadians, within the context of a free and democratic society, and not simply to change the ownership of assets for its own sake. Quite a large number of nationalists talk as though the achievement of a higher degree of domestic ownership is itself the object of the game. Of course this is not true, because what they are really looking for is to use a higher degree of domestic ownership as a means to some other end. It therefore is incumbent upon those who make the foreign ownership question such a big issue to show exactly how our ultimate objectives will be better achieved by concentrating on this issue.

On the big economic issues which affect the welfare of all Canadians, control rests in the sovereign power of governments to make laws. All individuals and corporations then must live within the framework of the law, and this applies just as much to foreign owned corporations as to domestic ones. One of the difficulties which leads to much confusion in this controversy over foreign ownership is the use of the word "control". Sometimes it is used loosely to mean control over major weapons of economic policy, such as fiscal and monetary policy. At other times it is used in the context of our international trade and tariff negotiations. But most of the time it is a hazy concept which refers to all the activities over which corporate executive officers have to make decisions. The image is of a small group of men with no sense of responsibility who open plants here or close them there, who diddle the Department of National Revenue here or deny charitable donations there, who select their export markets with a view to pleasing their foreign parent and so forth, on and on.

To show how false this image is, we might take a moment to look at a couple of industries which have a very high degree of foreign ownership, namely the petroleum and automobile manufacturing industries. In the case of the petroleum industry, Canada has certain national policies which attempt to balance the interests of our western provinces, where the people wish to see increased exploration, development and production of oil and gas against the interest of eastern consumers who want to buy at the lowest possible prices. In fact we have chosen to draw a line through the Ottawa Valley which permits the importation of oil from the Middle East to supply the Quebec market. Whether or not we decided to export more oil and gas to the United States will be partly determined by decisions of the National Energy Board and the Alberta Conservation Authority with respect to the adequacy of petroleum reserves for our future, and partly determined by the success of our trade negotiations with the United States to achieve our objectives. We cannot of course make unilateral decisions in these matters, because we must negotiate with the U.S. government which has political and economic interests of its own to protect, and we must also balance our own political considerations internally. But my point is that none of these issues is settled at the level of foreign ownership.

Similarly, in the automotive industry we have had a new industrial policy since 1965 which has gone a considerable way towards improving Canada's position. However, this has not been done without creating fairly serious political and economic problems with the United States, which tends to be heavily influenced by the protectionist attitude of American labour more than it does by the desire of the automotive companies to keep production within the U.S. While foreign ownership is perhaps a marginal factor in the question, the real questions as to the location of industry in the North American market are being settled at the summit level of government negotiaions.

To take another example where the circumstances are somewhat different, the Canadian pulp and paper industry is very largely domestic owned. When the United States recently imposed a surcharge on fine paper and lumber, additional difficulties were imposed on an already struggling industry. But here again ownership had nothing to do with the question, but rather questions of conflicting national economic policies.

As J. K. Galbraith said not long ago in Toronto, the only way to get away from the influence of the American economy would be to float our half of the continent off somewhere else. When the Americans embark on an expansive fiscal and monetary policy, which may in fact be inconsistent with our requirements in Canada, it is very difficult indeed for us to withstand the spillover effects on our interest rates, our exchange reserves, the value of the dollar, and indeed our whole trading and balance of payments position. It is at this level where the real problems exist, and we will always have to fight hard to hold up our end in negotiations with our powerful neighbour. But our negotiating strength will not be enhanced by fixing on relatively peripheral problems which are apt to carry an emotional wallop which can lead to retaliation.

I do not deny for a moment the sincerity or good intentions of the Committee for an Independent Canada. In fact they speak for a very large and growing number of Canadians. Walter Gordon has used the phrase "troubled Canada". I don't think anyone looking at us from abroad would consider that adjective particularly apt to describe our circumstances. I would think "fortunate" is a more appropriate word.

MR. JACK MCCLELLAND:

I wish I could ask Walter Gordon to get up and supply some of the answers but I'll try to do my best. I want to thank Mr. MacIntosh for his kind remarks about Jack McClelland – publisher. I want to reciprocate by saying that I am most impressed by the pre-eminence that he has achieved in his chosen fields. As a matter of fact, I have studied his public utterances for the last year and I really think he's an economic nationalist in disguise, at least he is becoming one. The fact of the matter is that he is a banker first and he really won't listen to what the economic nationalists are saying. He attacks them for what he thinks they should be saying but that's because he is a banker first and a banker must automatically reject anything that may appear to be rocking the financial community. As a matter of fact, though, I don't want to say anything unkind about bankers in general today. My release on bankers, whereby I plan to withdraw their passports and their travel permits will not be made public until after I've retired my last bank loan.

Mr. MacIntosh sees little or no connection between foreign ownership and our political or cultural life. I'm going to come to that one, but first I want to answer one question. He says if our national life has been so subverted by foreign ownership, why are our youth not craven admirers of American foreign policy? Mr. MacIntosh, for the very good reason that the U.S. business, military and political leaders have managed to alienate almost the total thinking youth throughout the world including the youth in the United States. There's a message behind that and I think what the nationalists are saying is that "let's turn off right now". We are said to be two to four years behind the United States technologically, marketing developments in lifestyle. Let's turn off now and avoid the tragic mistakes that that great country has made. We can only do so by diminishing their influence.

He refers to Pierre Berton. I guess I should re-read, or read Pierre Berton more carefully particularly his great book *The Smug Minority* which I think should be mandatory reading for all members of our business and financial community. However, he was referring to *The Last Spike* and in that book, Pierre points out that it was American money that substantially built the Canadian Pacific and further, there were Americans, most of the leaders, most of the builders, the men who lead this great operation were Americans but Pierre makes another point which I think

Mr. MacIntosh may have missed and that is that the Canadian Pacific was at all times totally an instrument of Canadian domestic policy. Our government made the rules and those rules were adhered to. One of the major complaints of the economic nationalists today is that we have almost a total absence of any rules governing foreign ownership in this country. He talks about the automobile industry and the fact that the location of plants in North America will be settled at the Summit. I'd like to look for a minute at that summit. As a matter of fact, I consider the automobile industry to be more important than an extra mile of territorial water. But there are six parties involved really represented in the negotiations. The owners on both sides of the border and they're both Americans so the score is two nothing. Then, we look at labour and our labour in this case is American controlled so that the score becomes pretty close to four to nothing. And, because the governments substantially represent business and labour, it seems to me that the score pretty well becomes six to nothing. But that's not my real message about the car industry. I don't really know why Mr. MacIntosh mentions it because it, if anything, is the classic example of the threat of foreign ownership.

In the thirties, we were the second largest producer of automobiles in the world. Today, where do we rank . . . seventh, maybe eighth. Now why is this? Size? Sweden hasn't found that an insurmountable problem. We are large enough to achieve the necessary economies of scale in this country. Is it technology? We're told often it's technology. My God, we can hire the technology. That is such a stupid argument. Is it management?

You know, in Thunder Bay, Max Saltzman compared, as a result of some research that had been done two Canadian industries on these points: efficiency, profitability, wages, and competition or competitiveness by international standards. The two industries were the steel industry and the rubber industry. The steel industry won hands down on every count. The steel industry is Canadian owned; the rubber industry is substantially American owned. So it isn't management. Why is it? Do Canadians want U.S. cars? Nonsense. Look at the cars we're importing from Europe and from Japan at the present time.

In my opinion, there is only one answer and that is ownership. We made this tragic error when, forty years ago. We should learn from these lessons. I don't by the way, suggest that we should take over the car industry. I suggest that we should learn from our lesson. But if research showed that it would benefit Canada as a whole ten years from now, to take over this industry, then I guess I would favour it. I don't consider ownership to be the only key to economic independence. It's just one of many important ones. I don't prefer Canadian owners to American owners per se. I prefer them because they are here and they are responsive to Canadian laws, to Canadian aspirations. They're concerned with Canadian problems. That is the main advantage whereas American firms in Canada now are responsive to U.S. laws and we learned that very clearly in 1968 with the mandatory guidelines. With one stroke of the pen, the President of the United States welded the independent businesses into one – the single most powerful economic force in the world and almost brought Canada to its knees and could have in fact done so had it not been for their benevolence. They, of course, got their pound of flesh.

Now, I want to refer back . . . there are many aspects to this and there isn't time but I want to refer back to the connection between foreign ownership and culture. If I felt that culture was simply a matter of reading a Layton poem, singing a Vignault song or watching Jalna on TV, then I might agree with Mr. MacIntosh but culture happens to be my business. What foreign ownership does to this country is first and the Science Council has indicated this, it strips us of our engineers, our scientists because the great research is not being done here. It strips us of leadership. The decisions are being made at head office. We all know that.

If . . . these things are absolutely essential, the designers, the people who provide the technology, they're absolutely essential to a viable human culture.

Finally, foreign ownership strips us of self-respect; it strips us of ambition, of pride; it strips us of jobs and perhaps that's most important of all. It's interesting that in the year from June from 1970 to 1971 that two-thirds of the jobs lost in Ontario in manufacturing were jobs lost from foreign owned plants. Some of them closed for reasons that I would consider dubious but whether they're dubious or not I ask Mr. MacIntosh to consider whether or not it would be easier for him or for me to fire two hundred people in Sandusky, Ohio or two hundred people in East York. I think the question answers itself.

MR. ROBERT MACINTOSH:

Well, Mr. Chairman, Mr. McClelland began by quoting the great American FDR so I will start this concluding remark by quoting a great Canadian. I'm drawing from something which I got second hand from remarks from Professor Safarian to whom I'll come to in a moment.

Harold Innes once said that the risk of being an economist in Canada was that you might die of laughter. Jack McClelland accused Professor Safarian who is the Dean of Graduate Studies at the University of Toronto and a very emminent economist of being a proponent of ignorance and obfiscation. Well, the difficulty I find about that is that Professor Safarian is the one economist who has done some really serious work on the question of the behaviour of the foreign owned subsidiary in Canada and the nationalists are fond of quoting all sorts of people in the Watkins report, of whom Professor Safarian was a member but they never sight his data and you can go through the literature, Kari Levit's book or any number of books but they do not talk about the facts and Professor Safarian is the one person who has done a serious study of the behaviour of the foreign corporation here. So, I contend that to accuse him of ignorance is the reverse of the truth.

Now, Mr. McClelland says that foreign ownership is the single most important issue facing Canadians today. I can't agree with that. I think the single most important issue facing Canadians today at the economic level is the problem of full employment without inflation and I think, if you want to talk about politics that's where the votes would lie.

At the political level, I think I see the most important problem is maintaining unity with French speaking Canada and here again you don't find many French Canadians in the CIC for the very reason that the view in Quebec is a very different view from the view in Toronto about the nature of the foreign ownership problem and that's significant because he talks about curing regional disparity. The fact is that the political environment is one in Canada in which you have to balance the interests of Ontario and the central Canadian, the St. Lawrence Valley market with the regional parts of our country which are heavily dependent on resource industries and to talk as though there were some magical solution to the regional problem in obtaining a greater degree of domestic ownership is to fly straight in the face of the clearly evident views of the provincial premiers outside the St. Lawrence Valley.

Mr. McClelland says that we can't leave the issue of foreign ownership to party politics. Well, he would like to have a referendum. I would like to see someone write the question that is going to be on that referendum. Are You In Favour Of Canadian Independence? Yes, I am, a hundred per cent vote. Are You In Favour Of Less Foreign Ownership? Ah, I don't know what you would get on a vote like that but, you know, the parliamentary system in this country, the whole nature of our democratic organization is not going to be set aside by a referendum on an issue. We have a referendum every time we have a general election and the general election will tell you where the votes lie and if Mr. McClelland finds that the Prime Minister is having difficulty arriving at a foreign investment policy, well he might. There are balancing interests in this country which must go beyond the narrow views of the Committee for an Independent Canada and he has to think of the West and he has to think of the Maritimes and he has to think of all these things in arriving at a political policy and this is true of all of our political parties and it isn't done in a vacuum.

Now, Mr. McClelland speaks of the proportion of labour in manufacturing industry having levelled off and perhaps declining slightly. One of the favorite myths of people throughout history has been that if you have a job where you make something with your hands, it's a real job but if you're in service trades and you only push papers it's not a real job. I'll guarantee you that there isn't a single person in this room today and that includes the learned gentlemen from the press who make their living in a manufacturing sense in the sort of sense in which he means it. The service trades are growing very fast in Canada. Nearly all of us are in . . . everyone in this room is in the service. So much for you, you don't really have jobs or justifiable jobs. You know, if a growth in the percentage of manufacturing is such a great thing, is it not also true that a growth in agriculture would be even better? Agriculture is highly labour intensive It's free of pollution. It means independent entrepreneurs. It certainly involves a lot of the things which I think a Committee for an Independent Canada want. The proportion in the labour force in agriculture has gone down from twenty per cent to seven per cent for very good reasons and I don't think that one can arrive at an economic policy by saying that you can have X percentage in manufacturing. We have a very high rate of growth in the service industries in Canada for a very good reason because this is where it's at.

To be very specific, the banking industry in Canada now employs about fifteen hundred specialists in the computer sciences – that's highly skilled programmers, analysts, managers with those kinds of skills. These jobs didn't exist five years ago or seven years ago. They're not in the hardware game. They're not in the manufacturing game and behind them is another fifteen hundred people from the software companies and the manufacturers who are all working in this rapidly growing area and to suggest that people ought to be in manufacturing but not in these jobs is to take a very primitive view of the economy.

Now, whether the business community makes or unmakes governments is a proposition that I throw out to your attention. I don't believe that it can be shown that the money advanced by business for political parties is capable of swinging elections. If this were true, there would be a clear correlation between the money available to political parties to spend and the results of elections which is certainly not the case. There's plenty of evidence on that subject and on that score I would like to remark something Jack didn't say but it's very relevant to what he said.

In Kari Levit's book quoted in the Ontario government study it said quote, "the indigenous entrepreneurial class has been increasingly stultified and converted into a complacent class of managers acting on behalf of the absentee decision-makers" unquote. Well, that's the purest nonsense. The fact is, in this country we now have an upcoming business class which is far, far better than any we've had before. At York University, if I may be chauvinistic, we are now turning out one hundred and fifty MBA's a year who simply weren't there ten years ago and this aim is true of many other business schools and related professions and we have a very much improved level of skills in the managerial class who are beginning to take over management in this country and this process is only on the threshold.

Finally, I would like to, since I'm running out of time, I think, just add a word about the habit of talking about takeovers. The CIC never talk about the reverse takeovers. Since we got onto the subject of the CPR, I'll close on that note. A few years ago the majority control of the CPR returned to

Canada. Fifty-five per cent or so of this stock is now owned in this country. I'm truly surprised that the CIC didn't hold a parade because this should have realized their objectives. We could have had Mr. Gordon carrying the flag. And, as a matter of fact, the subject passed by unnoticed even in the Toronto Daily Star because of the fact that they're not interested and the reason that they're not interested is because it's irrelevant. Thank you.

Messrs. McClelland and MacIntosh were thanked on behalf of the Empire Club of Canada by G/Capt. R. C. A. Waddell, D.S.O., D.F.C.

EDITOR'S NOTE: For the past several years the extent of foreign (principally U.S.) control of Canadian industry and resources had become an increasingly controversial issue in Canada. A number of reports, some commissioned by the Government itself, had brought the issue to the forefront.

In the summer of 1970, Prime Minister Trudeau assigned Revenue Minister Hubert Gray, then a minister without portfolio, to head up a task force to study the pervasive influence of foreign ownership and to recommend policies to ensure its responsiveness to Canadian economic goals. In November of 1971 a summary of what purported to be the Gray Report appeared in the Canadian Forum Magazine *without the Government's authorization or any statement on the Government's part that it represented Government policy.*

According to the published version, the Gray Report recommended the establishment of a screening agency with very broad powers to review, not only foreign takeovers, but existing foreign controlled companies, even if they were not planning major new investments, and "major new investments abroad by Canadian based multi-national companies."

The Federal Government's policy announced in May of 1972, rejected most of the Gray proposals and settled for *giving the Cabinet the right to approve or forbid takeovers of firms operating in Canada with assets of more than $250,000 or sales over $3-million per year. The Minister of Industry, Trade and Commerce in making his recommendations to Cabinet was to be given flexible powers to insist that proposed take-overs provide "significant benefit to Canada" in terms of jobs, economic expansion and compatability with Canadian industrial strategy. Foreign investors would still be free to start new enterprises. Licencing and franchising agreements would continue unimpeded and there would be no policing of foreign-controlled corporations already operating in Canada or Canadian multinational corporations operating abroad.*

Generally speaking, the Government's policy was welcomed by those who favoured a less restrictive policy towards foreign investment and was considered a disappointment to those such as the Committee for an Independent Canada who favoured a more nationalistic or "pro-Canadian" approach.

FEBRUARY 10, 1972

Struggle for Power: Canadian Politics 1972

AN ADDRESS BY Peter C. Newman,
EDITOR, *Maclean's Magazine*

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Peter Newman has been described as perhaps the greatest journalist in Canada today. His by-line has become synonymous with a clarity of expression that would do credit to the greatest newspapermen in history – his books have been read by hundreds of thousands – his articles and commentaries by millions.

Born in Vienna some forty-two years ago, he came to Canada at the outbreak of the Second World War. He was educated at Upper Canada College and the University of Toronto where he received his Masters degree in Commerce.

On graduation, he decided upon a career in journalism, joining the *"Financial Post"*, serving in increasingly senior capacities until he became an editor of *"Maclean's Magazine"* in 1956.

Those of you who are subscribers to *"Maclean's"* Magazine know of the traditional high quality of its Ottawa Bureau which gained national prominence in the early 1950's under the late Blair Fraser. By 1958 with a new Conservative Government firmly entrenched, Blair Fraser's close connections and sympathy with the discredited Liberal establishment may have become a liability to him as a newspaperman, as doors which were once open to him – now appeared to be closing. Perhaps with some encouragement from the new Conservative hierarchy, *"Maclean's"* may have felt that their Ottawa Bureau would be better served by a younger and fresher face. Whether or not the Conservative hierarchy had anything to do with Blair Fraser's departure is a moot question. But if it were true, it may well have been John Diefenbaker's first major mistake as the new Ottawa Editor for *"Maclean's"* was none other than Peter Newman.

The ensuing decade in Ottawa for Peter Newman, first with *"Maclean's"* and then with the Toronto *Daily Star*, coincided with the most hectic and tempetuous years in Canadian political life – a period which saw five general elections in ten years, four of which were inconclusive and returned minority governments. This period which has now been immortalized by Peter Newman on the C.B.C. television program – "The Tenth Decade", was a period unprecedented in its partisanship and perhaps in the futility of its political struggle.

Those years obviously had a strong influence on *"Maclean's"* young Ottawa editor. In addition to his articles and commentaries, our guest wrote two best selling books – *"Renegade in Power"* – the story of the Diefenbaker years and its sequel – *"The Distemper of our Times"* which continued the narrative up to 1968.

His writing perhaps more than any other reflected the disillusionment of an age. No period of Canada's political life has been the subject of so much comment as those years that Peter Newman spent in Ottawa. Perhaps no period in history have the press and the media had such an impact in shaping public attitudes. Some have suggested that the media, by turning the searchlight on Ottawa, rightfully exposed to Canadians the weaknesses of our parliamentary system and the inadequacy of its leaders. Others have suggested that the cynicism of the Press Gallery was unwarranted and came through to the voters too strong – and that the cynicism of the Gallery became the disillusionment of the Nation and was itself the cause of the minority parliaments and the consequent long decade of less than effective rule.

Whatever the answer, the power of the media became firmly entrenched as a political force during our tenth decade. Peter Newman more than any other, represented to the public this new force.

By 1968, the old adversaries, John Diefenbaker and Lester Pearson had retired and Peter Newman came back to Toronto, first as Editor-in-Chief of the *"Toronto Daily Star"* and now in a similar position with *"Maclean's Magazine"*, the place from whence he came. I know, however, that in the years ahead, Canada will hear much more from Peter Newman and that our understanding and appreciation of events will be further enriched by his writing. It is with great pleasure that I introduce to you Mr. Peter Newman.

MR. PETER NEWMAN:

Let me begin by defining my own political views. While I do have some strong preferences among individual politicians, it seems to me that the measure of commitment and integrity a man brings to the political wars is far more important than the banner under which he travels. Commitment and integrity – these are the political values that really count.

In other words, I am politically neutral. I attack everybody.

Now, before I talk about the election we're all expecting, I want to say a word about Maclean's.

Being Editor of Maclean's is not a job. It is a calling. Canada's national magazine is woven into the dreams and memories of this country; its stated aim for 66 years has been to provide a platform that allows the nation to speak to itself. At no time in our history have we ever been in so desperate a need for just such a platform. Only in a constant interchange between the segments of our fragile society, flung across this unlikely hunk of geography, is there hope of continuing unity. The distinguishing characteristic of Maclean's has been an uncompromising attempt to record and authenticate the Canadian experience for the Canadian reader. I have tried for the past year to put out a magazine that would paint a monthly portrait of the perceptions, personalities and portents that shape the Canadian reality. In a country with 10 provinces, five regions, two languages, and no possibility of a truly national newspaper, only a magazine like Maclean's has the facilities, the time, the space and, hopefully, the talent to pull together for a national audience the essential interpretations of a world that seems to be changing as we walk in it.

There are no average readers; there are only common interests – issues and events in which all Canadians have a common stake. Sometimes it is the country of the mind that we explore on our monthly journeys, more often, the country of the spirit. Our writers send us despatches from the nation's power centres, as well as its brawling outbacks. There *is* such a thing as a Canadian culture (using "culture" in its broadest meaning) and *Maclean's* is its house organ.

Turning now to the 1972 election, I believe it will come this spring and that one of the chief issues will be the various party policies on what's come to be called Canadian nationalism, though a more correct description would be the issue of Canadian independence. My brand of nationalism is based on my love for this country, pure and simple. I'm well aware of the fact that nationalism can degenerate into unreasonable hatred of foreigners. I believe any such development would be fatal to Canada. The links of friendship which bind the peoples of Canada and the United States together are very old and strong. Any political movement which is based on hatred is certain to run into massive popular opposition and to fall flat on its face. And in its failure it may discredit all rational attempts to preserve Canada's national identity. Canadian nationalism, in the kind of sensible manifestations I support, is not based on anti-Americanism. Its goal is simply to take control of our industry, our economic life and our educational and cultural institutions into our own hands and to curb undue influence by foreigners, whether from the United States or any other country.

Nearly two centuries ago, the people of Canada chose to stick with Britain rather than join the American revolution. Today, after gradually and peacefully acquiring the attributes of a nation, we find ourselves facing a more subtle but no less definite challenge to decide where we stand in relation to the United States. Our choice is to be either a favoured colony of that dynamic power or to gain as much independence as we can in an interdependent world. The purpose of achieving a greater degree of economic independence today is to keep open our options for the future, granting the Canadian people the assurance of whatever choice they wish to make as an autonomous community. Nationalism, as I see it, means quite simply . . . the determination to assert national identity, national dignity, and national freedom of action. Who can be against that?

Now, the real problem, it seems to me, is that Canadians have, for generations suffered from what I call "the psychology of surrender". The conquest of any nation, it seems to me, takes place not on battlefields, nor in business boardrooms, but in the soul of its people and the minds of their leaders. Colonization is not an isolated act. Conquest requires surrender. (Without surrender, colonization is ultimately impossible, as in Vietnam, for instance.) The choice between surrender and resistance is dictated not by material resources or available manpower, but by a state of psychological abdication.

Northrop Frye, the eminent literary critic, once noted: "Our country has shown a lack of will to resist its own disintegration. Canada is practically the only country left in the world which is a pure colony – colonial in psychological terms as well as in terms of mercantile economics."

Novelist Hugh MacLennan has taken another approach, comparing Canada to an about-to-be-ravished woman. "When a Canadian says, 'No'," he has written, "it's said the way a woman says, 'No' – or 'Yes', for that matter. And you have to know a woman pretty well before you can accept her statement as an affidavit. There's something feminine about the Canadian mentality. And then, too, there's the well-known saying that you might as well relax and enjoy it."

The unhappy fact is that if the American conquest is based on American strength, the Canadian surrender is based on Canadian weakness. Surrender is essentially the admission that something is lacking and a willingness to take the chance that the conqueror will be able to supply it.

The Americans are in the process of taking us over not because they want to be our conquerors but because we want to surrender. It's that terrible ingrained uncertainty in us, the absence of knowing who we are and why we are here, that is gradually depriving us of our nationhood. And it's that uncertainty that we will have to dispel.

Another, closely related issue of the forthcoming election campaign is going to be the relationship between the business community and the government.

For generations, business thought that it could exist in a separate world from government. But no longer. Benson, Basford and Mackasey may be gone, but their successors will continue to extend their mandate into the private sector.

The relationship between government and the business community in this country has been, to say it in one word, lousy. But the fault hasn't been all on the government side. Too often, businessmen are still motivated solely by profit, too often they feel little, if any accountability to the public they serve. Too often they take the attitude (to twist one of Mr. Trudeau's dictums) that "the government has no business in the boardrooms of the nation". I much prefer the attitude of J. K. Jamieson, a Canadian who is now chairman of Standard Oil Company (New Jersey), and wrote in *Fortune* (which is hardly a radical rag) recently: "No longer is it tenable to maintain that 'the business of business is business' and let it go at that. The marketplace remains the basic guide to corporate behaviour, but the market will function satisfactorily only with guidelines reflecting public objectives. Our antennae must be sensitive to these objectives if we are to remain viable in the long run."

Another issue of the coming campaign will be to find some accommodation within the federal framework for the serious and growing urban problems of our cities. The party which first turns itself into a political expression of our new, metropolitan society will inherent this country's political institutions.

At least *some* of the leaders of the future will receive their political training in the mundane confrontations of *Municipal* councils. "This is the age of the urban crisis," J. K. Galbraith has written. "The day is coming when *no one* will be considered really ready for higher office until he has been a successful mayor."

The problem in trying to predict the outcome of the 1972 election is the fact of the acceleration of history. The present is becoming the past very much more quickly.

Change is becoming the function not of decades, but of days. The fact is that the world is changing faster than we can change ourselves. We can no longer apply the habits of the past to the present. Governments are no longer transforming the world. It is the fertility and anarchism of the people. All that most governments are doing, it seems to me, is rushing around trying to keep up with the consequences of what's happening outside their offices.

In the teens and twenties of this century, Canada had an electorate that was still largely uneducated, still plagued by class differences; in the thirties an electorate that was numbed by depression; in the forties, an electorate that was diverted by war; and in the fifties (or most of them) an electorate that was fat and groggy with boom; in the sixties, an electorate diverted by the Pearson/Diefenbaker feud.

But in the seventies, Trudeau, Stanfield and Lewis have to keep balancing themselves on top of an electorate in turmoil, a society undergoing the most rapid and most radical technological changes in the history of man. What these leaders have to deal with – even if they seldom seem to realize it – is an electorate that figures it has a right to know . . . to know not just what is decided, but *how* it is decided; an electorate that wants genuinely to participate in government; interested not in unctuous words, but in facts. People – particularly young people – increasingly demanding to know not just the news, but the action. They don't want excuses, or even reasons. They want results.

Elections freeze the political landscape of a nation at a given moment in time, so that its results provide a temporal portrait of the emotions, the tensions, the aspirations of the people. Heritage fights impulse, the tug of the past competes with the pull of the future as each voter adds his ballot which, like a fine brush stroke, becomes part of the final canvas.

Most of our past elections, as waged by nearly every party leader from Sir John A. Macdonald to Lester Pearson, were sandstorms of half-truths, quadrennial assaults on reason.

But now, the burden is on the party leaders to reach into the circuits of the nation's psyche and capture the subconscious allegiance of the people – not through grandoise promises but with an understanding appropriate to this particular moment in our history. This is essential. It seems to me that what Canada needs at the present moment is political leaders who are capable of making very sophisticated judgments which do not lend themselves to the great passionate movements which have stirred this country in the past.

The issue that will really count in this campaign, is, of course, Quebec. It seems to me that as a nation we face four major options. One is to perpetuate the status quo and I suggest that anyone who has the slightest knowledge of what's happening in Quebec right now, would have to reject this choice out of hand. At the other extreme, there is the option of Quebec gaining its independence and as a Canadian pledged to the survival of this country, I cannot accept such a possibility. Besides, I wonder how the U.S. would react to having a socialist republic straddling the St. Lawrence Seaway. The third option, is the one that Ottawa exercised once before: to send in the troops, and again, it is an option I reject. We are left, therefore, with only one choice: to renegotiate the terms of confederation in such a way that Quebec can stay in Canada with honour. In the age of moon flights, I suggest this is not an impossible undertaking.

The election is shaping up as a campaign of paradoxes, with Trudeau, the French-Canadian, campaigning on a get-tough with Quebec platform, while Stanfield, the WASP, running on a conciliate-the-French-Canadians ticket.

The approach of the two men to this most vital problem of national unity is different enough that by choosing one or the other, Canadians will be casting their ballots for one of two widely divergent, almost contradictory views of the Canadian future.

Trudeau has set a clear line of demarcation beyond which the federal government won't go. He may be willing to surrender some federal perogatives, but only if the provinces give Ottawa something in return. He sees constitutional negotiations as a purely political process, resolving through a series of confrontations between Ottawa and the Quebec administration.

Stanfield's position does not so much challenge the Trudeau view as move beyond it. He seems willing to go some way (how far, isn't clear) toward granting Quebec a different status from the other provinces.

It is difficult to guess how the electorate, particularly in Quebec, will react to these blandishments. Quebeckers disliked Mackenzie King intensely, but they voted Liberal because they knew that only in this way could they dominate the nation's ruling party. Similarly, in 1958, while they had no love for John Diefenbaker, they realized that he could form a government without them and that only by giving him their overwhelming support could they get a share of the power that would be distributed from Ottawa.

It is impossible to predict what will happen in Quebec during this campaign. A recent poll showed that on the provincial level, an incredible 56% of voters are undecided about how they would vote the next time, and I suspect the federal figures are about the same. Yet the Quebec results could decide the 1972 election. It seems to me that the Liberals are bound to lose at least ten of their 27 seats in B.C. and the Prairies, plus another one or two in the Maritimes. There is simply no way the Liberals will be able to hold the Conservatives down to the 17 Ontario seats they got in 1968. (Even in the Tories' darkest days, they always held at least 25 seats in Ontario.) So that could mean a loss of 18 or 19 Liberal seats, excluding Quebec. It would take the loss of only 22 seats to put the Liberals in a minority position. In other words, as far as the Liberals are concerned, their Quebec strength must hold. They now have 56 seats.

In the last election, though they collected 20% of the votes, the Tories elected only four members in Quebec, but in 10 ridings they were within 5,000 votes of the winner. They just might be able to hold the Liberals down to a minority, though at this point, this seems like a dubious proposition. Their antics have reminded me of a comic operetta, or perhaps I should say opera, straight out of Wagner.

There is also the very real possibility of the Creditistes increasing the 14 seats they now hold in Quebec, and that, too, could hive the Liberals into a minority position. I might add, that I am not predicting a Liberal minority, I only claim that it is a possibility. It will all depend on the ability of either the Tories or the Creditistes to weaken the Trudeau-Bourassa-Drapeau axis.

The Quebec crisis has developed with incredible swiftness. Only seven years ago, George McIlraith, then the minister of transport, was patiently explaining to the House of Commons why despite Quebec nationalist demands, the name Trans-Canada Air Lines could not be changed to Air Canada. The main reason he gave was the cost of the extra paint, and his explanation was accepted without too much comment. We've come a long way since then.

"The meaning of revolutions," Arthur Koestler has written, "becomes clear only after fifty years. It is like a process of distillation; the fumes evaporate, while the essence of the brew slowly gathers at the bottom." The Quebec revolution is no exception. No one can predict how it will end or what course it will follow. It is not a phenomenon that proceeds step by logical step, but by explosions, confrontations and eruptions of unequal period and unpredictable intensity. The only safe forecast is that by the time it has exhausted itself Canada will have been transformed into a quite different country. I am reminded of Gunnar Myrdal's recent assertion that "Through my studies I have grown more and more convinced . . . that often it is not more difficult, but easier, to cause a big change rapidly than a small change gradually".

To conclude, I would like to draw brief profiles of Robert Stanfield and Pierre Trudeau.

The former Nova Scotia premier embodies, both in his person and his declarations, the Conservative tradition in Canadian life and politics. His is a philosophy that aims to change society by action from within the established system, that views history as a slowly evolving process which can be prodded through gradual improvements. He has a passionate respect for the past and sees in the reaches of history clear guideposts for the uncertain future. A government headed by Robert Stanfield would be honest, meticulous in its regard for federal/provincial jurisdictions, and probably extremely capable in managing the economy.

But he has not been a good Leader of the Opposition. Political parties, when they're in opposition, carry a double burden of responsibility. They must mobilize resentment against those in power by constructively criticizing their legislative proposals and, at the same time, they must act as a believable alternative government that not only is prepared to seize the reins of authority but *appears* to be prepared to do so. As Dalton Camp, an expert on these things, has noted: "The party system cannot function, much less can parliament, when the condition of the alternative is of doubtful viability."

It's more than four years since Robert Stanfield was chosen national leader of the Conservative Party. But he has yet to appear to be anything more than a Nova Scotia Tory – a mere eddy in the political mainstream, swimming out there in currents beyond his depth. He has been woefully ineffective in his attempts to construct the kind of latticework party structure that can help those who want to involve themselves in Conservative politics to climb to positions of influence.

Young Conservatives across the country languish in a state of apathy, vaguely talking about the need to "skip a generation" – *their* generation – before the Conservatives can hope to regain power. Meanwhile, their leader appears unable to assert his own political imperatives. Robert Stanfield is turning into a tongue-tied Willy Loman who has lost his territory.

Pierre Trudeau, of course, is a bird of a very different kind. The Prime Minister has a shimmering intellect, he is the most resolute political leader this country has ever seen. But in his tendency to stifle dissent there is a deep fallacy that may yet prove tragic for Canada. Tolerating dissent is an essential means by which a society comes to terms with change. The Prime Minister and his inner court seem to believe they can impose logic on events; that they can govern the country through legalisms and reshape events to fit those legalisms. But the events themselves – history, in other words – are not logical; they're born out of harsh realities and even harsher emotions which can't be cut to fit a leader's wishes.

Too often, Trudeau and his inner circle have equated the slightest sign of dissent with disloyalty or stupidity or worse. Perhaps the Prime Minister is suffering from the conflict that faces every intellectual who enters the world of politics, for it is a world oriented toward different ultimate values than the one he was used to: the intellectual seeks truth; the politician, power. Yet, truth distilled from many viewpoints has a message that can never become irrelevant to the exercise of power. Before he became Prime Minister, Trudeau travelled the country on the slogan that he was seeking "new guys with new ideas". In office, he has behaved as though he wanted "the same guys with the same ideas" – the same as his own.

Pierre Trudeau's cabinet reminds me of a troupe of shy acrobats performing in a half-illuminated circus tent before the audience is admitted. Here, in unassailable privacy, they do their tricks for one another, then bask in their own applause. But when their elaborate ploys are tested in parliament before a live audience the acrobatics seldom work, and many ministers end up doing a flop-dive into the safety nets.

A prime minister's main problem is always to chisel power out of the bedrock of other men's self-interest without being accused of absolutism. "Given a government with a big surplus, a big majority and a weak opposition," Sir John A. Macdonald once remarked, in what must stand as the ultimate definition of his office, "you could debauch a committee of archangels." It is a good quote to remember in the coming election.

Still, it would be dangerous to underestimate Trudeau's charisma. Just as Lester Pearson managed to march his party backwards through every election campaign (usually starting with 45% of the vote and six weeks later, after exposing himself to the nation-at-large, ending up with 37%), so Trudeau may just do the opposite and march his troops back into power with an even larger majority than 1968.

Let me conclude by setting out my criteria by which successful prime ministers must be judged. *The function of democratic leadership, it seems to me, is to respect the past, convince the present and enlarge the future.* My ideal prime minister would be a man attuned to change, both economic and social. He would have that special brand of courage which Ernest Hemingway once called "grace under pressure". He would be aggressive without being contentious; decisive without being arrogant and compassionate without being confused. He would respect ideas, but not substitute them for action. He would be a master of prose, but not become intoxicated by his own.

He would be pragmatic, but only up to a point, so that he would always know when to spurn the arithmetics of expediency. He would be articulate and forceful enough to involve the people, including his opponents, in his struggles on behalf of Canadian nationhood.

Such a leader would set out clear goals for this country and its two great societies, on the basis, not of public opinion polls, but from his own strong sense of national necessities. Instead of participating quietly in the lottery of history, he would be capable of gripping events on the move and have the kind of impact that would reveal the character of the country to itself. The very force of his personality would become a unifying influence for the nation at large. What we need in this country is a man who can help all of us find a way to grow, both as individuals and as a nation.

Can we select such a man?

I don't know. I hope so.

At any rate, I remain a firm optimist about Canada and its prospects. It's a quiet, gentle kind of optimism, and the only way I can describe it is by telling you of an encounter I once had with a farmer in a small village where I spend part of my summers. He was a tall, laconic man, and I didn't quite know how to start a conversation, so I said: "Have you lived here all your life?"

He pondered this question, sucking at his pipe, for a long time. And then he said: "No. Not yet."

Thank you very much.

Mr. Newman was thanked on behalf of The Empire Club of Canada by Mr. William Karn.

EDITOR'S NOTE: Canada's 29th General Election was held on October 30, 1972. The issues centred around unemployment, inflation and the Government's management of the economy. Prime Minister Trudeau and his Liberal Party maintained their position in Quebec but suffered serious losses in English-speaking Canada, particularly in Ontario and British Columbia.

Once again (the fourth time in the last ten years), Canada elected a minority Parliament with 109 Liberals; 107 Progressive Conservatives; 31 New Democrats; 15 Social Credit; and two Independents (including the Speaker). After the Election, Mr. Trudeau decided to remain in office and face his new Parliament. Most observers believe, however, that it is not likely that the present House of Commons will last its normal four-year term.

FEBRUARY 17,
1972

The Canada Development Corporation

AN ADDRESS BY Mr. H. Anthony Hampson,
CHAIRMAN, CANADA DEVELOPMENT CORPORATION

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Our guest today, the newly appointed Chairman of the Canada Development Corporation, comes to us as the Chairman of an organization which has had perhaps more than the usual number of birth pangs during the eight years since it was originally conceived. The day after the appointment of Mr. Hampson and his fellow directors were announced in the press, the Toronto *"Globe and Mail"* had a lead editorial which said in part:

> "After eight years of keeping it tied up the Liberals are releasing their Caliban on the business community. Neither one thing nor the other, illogical and inconsistent, a confused and conflicting cross of economic ideologies, its destiny will be wrapped in its struggle with its own deformities. The danger is that the struggle will be damaging not only to it, but to the country and to all who are unable to keep out of the way. Its loyalties will be divided; its fears will be manifold; its objectives confused. Poor beast, it should be put to sleep rather than be unchained."

This editorial was entitled – "The Beast is loose".

In the event that some in our audience may have noticed that during this luncheon, Mr. Hampson, Mr. Crowe and I were looking with a rather anxious eye on the Press Table, it was only because we had some small worry that the account of this meeting in tomorrow's *"Globe and Mail"* might very well appear under the heading – "The Beast is Here".

That the Canada Development Corporation is controversial, goes without saying. The fact that after eight years of debate and discussion there still may be some confusion in the public's mind over the Corporation's objectives, highlights the importance of the role that Mr. Hampson has been called on by our Prime Minister to play.

Born in Montreal, he was educated at McGill and Cambridge University where he received his Masters Degree in Economics. After a few months with a Canadian chartered bank, he joined the Economics Policy Division of the Department of Finance in Ottawa. During this period, he was loaned to the Royal Commission on Canada's Economic Prospects, where, together with Mr. Douglas Fullerton, he co-authored a study of Canada's secondary manufacturing industry. His abilities were well recognized and in 1957, he accepted an offer from the Toronto investment banking firm of Burns Bros. and Denton where he served as Director of Research and Underwriting. The lure of government service remained strong and in 1961, he took a leave of absence to serve as Secretary of the Royal Commission on Banking and Finance which made an extensive study and review of Canada's financial institutions. In 1964, he joined Power Corporation of Canada as a Vice-President, becoming also a Vice-President of Capital Management Limited and served as a director and trouble shooter for several of Power Corporation's subsidiaries.

In 1968, Power Corporation went through a major change in ownership and direction and the decision was made to sell Capital Management. Mr. Hampson remained with the latter company becoming its President. It was also in 1968 that the Federal Government appointed him to be

Chairman of the three-man board that supervises the General Adjustment Assistance Programme. A position he has filled with intelligence and distinction.

There are very few men in Canada whose experience and qualifications are so admirably suited to the task he has now undertaken.

I therefore have the great pleasure in introducing to you – Mr. Anthony Hampson.

MR. ANTHONY HAMPSON:

In talking to you today about the Canada Development Corporation I find myself in a position similar to that of an adoptive parent of a rather lusty newborn infant. I have a certain, perhaps undue, affection for it, and high confidence that this very interesting and unusual child has the potential to make a most productive contribution to our society. At the same time, I am aware that those outside the immediate family don't fully share this view, perhaps because the circumstances of the child's paternity are somewhat in question! As its life has barely begun, we will have to await the record of achievement in the next few years to tell which attitude is right. All I can do today is describe for you the way we hope to point and direct this new personality on the Canadian investment scene, what we hope it can achieve and how, and what sort of troubles we hope to have it avoid.

Before doing so, however, I might remind you of some of the background to the Corporation's birth. Its origins go back to the mid-1950s and Walter Gordon's Royal Commission on Canada's Economic Prospects which, among other things, examined the question of non-resident ownership and control of the Canadian economy. Mr. Gordon's subsequent writing and speeches suggested that the Corporation would be particularly concerned with pre-empting take-overs, and acting as a Canadian buyer of last resort. This approach then worked its way into the platforms of some of the political parties and emerged virtually un-changed in Mr. Gordon's Budget Speech of 1963, the famous Budget which featured the 30% takeover tax. As someone aptly put it, that tax was the guillotine and the CDC was the basket to be used to catch the dismembered heads! With the withdrawal of substantial parts of that Budget, the CDC dropped out of sight for a while, perhaps in part because shortly afterwards the Government found it necessary to seek exemption from the American interest equalization tax in order to ensure an undiminished flow of foreign capital into Canada! Obviously, against this background of balance of payments uncertainty, the time was not propitious to attempt to revive or replace the stillborn infant.

In the next few years, the underlying position changed considerably. The question of foreign investment in Canada receded somewhat from prominence for a variety of reasons as emphasis was put on other and more central strands of social and economic policy. Moreover, a number of specific measures were taken to deal with foreign ownership and control problems in selected areas of the economy, such as banking, life insurance, and the media of communication. Then, too, a number of published studies of foreign investment showed that the very real gains it brought to the Canadian economy in terms of employment and marketing and technical know-how did not involve as high a price in supposed lack of exports, research and purchasing in Canada as had been alleged. During this interval as well, there was a strong tendency for foreign-owned corporations to promote Canadian management to top positions, to elect more Canadian directors and to become more conscious of being good corporate citizens.

While all this was going on, a very fundamental change in Canada's trade and balance of payments was taking place; the growth of our exports substantially outpaced that of our imports because of the growth of demand for our natural resources, the improved competitive position and attitudes of our secondary manufacturing industries, and special factors such as the Automotive Pact. Our current account moved into overall surplus in 1970 and 1971, and the capacity of Canadian savings and financial markets to finance more of Canada's requirements expanded dramatically.

This is not to say that the foreign ownership and control issue is not significant in real terms in particular industries and areas, or that the issue lacks emotional appeal in certain areas of the country, perhaps most of all in Metropolitan Toronto. The recent upsurge of discussion in the press is testimony to that, as is the interest with which the Government's forthcoming pronouncement on the subject is awaited. However, as a background factor influencing the shaping of the CDC as it now is, the foreign investment issue was very much less significant than it had been some years earlier. Indeed it appears to me – and I should emphasize here that I had no "insider" role during this entire period – that the CDC began to be seen at the end of the 1960s primarily in terms of filling such gaps as existed in the Canadian capital market for large-scale developmental projects. Put in another way, it began to be thought of as a positive force to create and back Canadian investment projects, rather than as a mechanism reacting to foreign acquisitions.

Although the idea of the CDC appeared in Government Throne Speeches in a number of years in the late 1960s, it did not – because of other legislative priorities – reappear as a proposed piece of legislation until early 1971 when the present Bill was laid before Parliament and was adopted with minor amendments in June of that year. You will see from my later remarks that the child has become very different from that originally conceived in that it was no longer a special kind of mutual fund charged with being an instrument of Government policy to pre-empt foreign takeovers.

What emerged was, in fact, a rather unique Special Act

Corporation charged with the following objects under Section 6 of its Legislation:

(a) to assist in the creation or development of businesses, resources, properties, and industries of Canada;
(b) to expand, widen, and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital;
(c) to invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada; and
(d) to invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada;

and these activities "shall be carried out in anticipation of profit and in the best interests of the shareholders as a whole".

Section 2 of the Act summarizes these objectives by saying that the Corporation "will help develop and maintain *strong* Canadian-controlled and managed corporations in the *private* sector of the economy and will give Canadians greater opportunities to invest and participate in the economic development of Canada". Our Directors have, therefore, determined that we should not invest in enterprises which would continue to be controlled by any level of Government or Government agency. So do not look for us to invest in projects like that of James Bay in northern Quebec. And do not expect us to prop up weak or declining companies; we were not established to buy losses or to watch our underlying investments stagger from layoff to layoff, a consequence which seems inevitably to follow this sort ef "bail-out" philosophy.

We are in fact very different from any other development corporation that I know of, either in Canada or abroad. And we do not intend to fritter away the advantages of our uniqueness by making the same mistakes as those other corporations. How are we different? I believe that our distinctiveness lies in four features: our independence from Government interference, our mandate to conduct our operations in anticipation of profit, our potential size, and the fact that a mechanism exists for Government participation in the Corporation to be scaled down by the Directors to not more than 10% at any time.

Envisaging the day when 90% of the shareholdings will be in the private sector, the authors of the Canada Development Corporation legislation provided that it not be a Crown Corporation, not require approvals of the Governor-in-Council in any aspect of the conduct of its affairs (although, of course, the Minister of Finance must receive the approval of the Governor-in-Council before he invests any of the taxpayers' money in shares or debt of the Corporation), and not report to Parliament. Parliament, however, having set out the objects and capitalization of the Company, must affirm any changes in those objects or capitalization approved by the Directors and shareholders, a necessary and logical protection against the theoretical possibility that the intent of the Legislation could be turned on its head; and a provision in effect like that applying to other specially-incorporated Canadian companies such as the chartered banks.

Section 11 of the Act provides that, unless otherwise determined by a directors' by-law sanctioned by at least two-thirds of the shareholders, the affairs of the Company shall be managed by its Board of Directors, consisting of not less than eighteen nor more than twenty-one persons. The Government made clear to these Directors upon their original appointment that it expected the affairs of the Corporation to be managed in a timely, flexible and creative way through an independent Board without interference from Government. The previous Minister of Finance also said publicly on a number of occasions that he meant the Board to be independent, expressing the hope that if they were ever directed to make investments with which they disagreed they would forthwith resign – with all the difficult political consequences for the Government which that would entail.

We are fortunate in having a strong Board of outstanding Canadians who have earned a high reputation for themselves, not only for their successful careers but for the calibre of their integrity and community service. You might note with interest that we have no lawyers, accountants, bankers, or stockbrokers on our Board, not because they would not qualify on the foregoing grounds, but because their services are always available through the normal market channels, and since it was thought desirable to obtain directors with the widest possible experience in industry. These Directors are responsible to the shareholders as in any normal corporation, the only distinction being that all Directors must be Canadian citizens and that four-fifths of the Directors can remove another Director from office, a feature presumably designed to enable the Board to deal with someone who has developed personal traits of such an embarrassing nature as to jeopardize the reputation or integrity of the Corporation!

It has been alleged in some quarters that a potential conflict of interest exists because of the business interests, directorships, or offices held by members of the CDC Board. Directors who are full-time officers of the CDC – the President, Mr. Marshall Crowe, and myself – are relinquishing all outside directorships, but it does not seem reasonable to expect other board members to give up their source of livelihood to serve as CDC Directors, particularly as the fees they earn from doing so would only serve to get them about halfway up to the poverty line! Surely, no reasonable person would expect a corporation in the multi-billion-dollar size range to be run by those who have neither employment in this country's industrial life nor experience that fits them for the job. In the unlikely event that a conflict of interest arose (and this could only be through a firm with which a director is in some way associated looking at the same investment proposition as the CDC, since we certainly will not be buying into our directors' enterprises), the director concerned would follow the normal practice of declaring his interest, removing himself from the room and taking no part in the Corporation's deliberations on the subject. I can assure you that our Board of Directors is so keen to ensure that the Corporation be successful and enjoy the highest of reputations that they are leaning over backwards to avoid even the remotest suspicion of problems in this area.

Our Directors do not regard our second unique mandate, to operate in anticipation of profit, as merely a piece of window dressing. We are not aiming at a nominal rate of return, or vague hopes of profit at some indeterminate future time. The projects in which we will invest will have to offer a competitive return commensurate with the risks entailed, which will normally be higher than those accepted by other financial institutions. This approach is very much in line with the philosophy publicly expressed by Mr. Benson. What sets us apart from the others is that we are exclusively devoted to making equity investments of a developmental nature, and can therefore take a somewhat longer time-horizon than other institutions which are constrained by shareholder expectations or the nature of their liabilities to the public.

Some have suggested that this emphasis on profits will conflict with the object of developing Canadian enterprises in the long run, but we do not believe that this is the case: a sound, economic foundation is not built on losing enterprises; and one does not have to look outside the boundaries of Canada to see what happens to employment trends or the standard of living of whole communities when this is tried. Moreover, if the Government has some social, political, or welfare reason for putting money into a losing enterprise, it always has the option to do so through special subsidies or grants: that is a political judgment which should be made, not by the CDC, but by those charged with political office.

The opposite criticism of our profit mandate is sometimes made, namely that if we stress a competitive return on our investments, we will be in conflict with the existing private sector – in short, that everything that ought to get done on economic grounds will get done anyway and the CDC is therefore redundant. Our Directors do not share this view and believe that we have a role to play which complements, rather than conflicts with, the existing instiutions.

First, the CDC and its shareholders will be able to take a somewhat longer view than the shareholders of other financial institutions since longer-range development is to be our principal business. Second, there is no large institution specializing in higher-risk equity investments of a developmental nature, although there are many corporations which devote a proportion of their resources to this activity in their own particular field. We believe that the nature of the skills which we build up, the outlook and the temperament of our management, and the potentially large and diversified size of our operations will permit us to undertake this sort of activity with less risk, and better returns, to our shareholders than many other institutions. Third, there is an implicit assumption in this argument against CDC that our present financial market system is operating with absolute perfection, and this is clearly not the case. We have a very flexible financial system in which innovations take place constantly, and the fact that this particular innovation came from the Government sector does not necessarily mean that it is less valid than those arising elsewhere in the system. Finally, we can observe that the competition to finance worthwhile major projects is not always intense; the fact that the Government had to participate in the Panarctic venture to make it viable is one case in point. The large inflow of foreign investment into some segments of our economy provides further evidence that there should be room for the CDC, although I would be the first to agree that a large part of this inflow has stemmed also from gaps in Canada's managerial, marketing or technical skills. Yet these skills tend to develop when there is a market need for them, and a source of financing to turn that market need into practical reality, a role which we believe the CDC can play to some extent.

The third area in which the CDC is unique is in its potential size. Our authorized capital consists of 200,000,000 common shares, of which 2,500,000 were initially subscribed for by the federal government at a price of $10.00 per share. Even if one assumes that the shares will not appreciate in value in the years ahead – and we expect significant appreciation – the sale of all our authorized common shares would bring in $2 billion. In addition, there is $1 billion of authorized preferred share capital – which would be issued in convertible, participating or other forms – as well as a capacity to leverage this equity capital through borrowing to whatever extent the Directors deem prudent. If this borrowing ultimately reached $1 billion, we would be looking at a $4 billion corporation in the years ahead – plus capital appreciation. This is a very sizeable sum even for today's inflationary age, and obviously we will only reach this size if we are successful in persuading the public that investment in our securities is a sensible and profitable way for them to employ their savings.

This in turn will depend on the success of our investments. The average size of these will be large, because we intend to concentrate on enterprises which are significant for Canada and which can compete in the growing international market. Obviously, these investments must also have unusual growth prospects to compensate for the risks involved. While not setting ironclad standards at this stage, we would want the profitability of our companies to grow at about double the anticipated annual growth rate of GNP in current dollars, which is of the order of 8%. These investments will not be selected out of regional considerations, but there should be opportunities to invest in each of the principal regions of Canada; indeed, of the dozen serious projects which have so far been identified from the veritable flood which has poured in since the doors opened, there is a surprising degree of regional balance.

We will not be attracted to a proposition simply because it offers an opportunity to "buy back" a company currently in foreign hands or because we are a "buyer of last resort" in the mind of the would-be vendor. Such propositions will be treated exactly like any other opportunity; if they meet our standards, we shall invest – but we shall not buy them simply because somebody is waving the threat of selling to non-residents at us. Incidentally, foreign takeovers have been a minor part of foreign investment in Canada since the war, with the total unlikely to have exceeded $1.5 billion, less than 1/20th of the present total outstanding. There is a good case to be made – despite the probable disappearance of Canada's current account surplus in 1972 – that the share of foreign capital in Canada's industry generally is peaking out as Canadians increase their investment in equities. In any event, our role is to use our limited resources to best advantage, which will normally entail investing either in new ventures or in significant expansions of existing ones rather than merely transferring ownership of existing enterprises – which may be for sale precisely because they have lost their growth characteristics.

Even though our resources are potentially large, they are clearly not large enough to do everything. Put in another way, we must try to develop our own mini-industrial strategy and avoid the pitfalls, common to conglomerates and governments alike, of scattering resources too thinly in too many directions and thus losing both effectiveness and control. Rather, our mandate is to reinforce strength in selected areas, and to identify unusual growth opportunities where a unique Canadian competence can be developed or encouraged.

Initially, our Directors have identified six areas in which we should concentrate our efforts: these are: oil and gas; health care; the petrochemical-related industries; mining;

pipelines and related northern transportation; and venture capital. Each of these areas offers excellent growth prospects and permits us to expand the investment opportunities open to Canadians. By participating in the venture capital industry, either through forming a new enterprise or by making an investment in one or more existing enterprises, we can help to play a creative role in the financing of smaller, high technology business without getting directly involved in the specialized business of vetting and monitoring many smaller enterprises. Indeed, our legislation directs us not to make investments which involve less than $1 million, and in practice they would be even larger; otherwise, we would ultimately hold an enormous portfolio requiring a vast bureaucratic apparatus to supervise. There would be no faster way to kill the positive and imaginative attitudes which we hope will characterize the Corporation.

Generally speaking, we hope to make our investments in each of the fields mentioned through "vehicle" companies which would have their own skilled staffs and specialized operating management. This will enable us to keep a small, flexible and creative central staff – making good use of qualified consultants where required – to direct the general policy of the vehicle companies, to maintain appropriate financial controls over them, and to ensure that they remain innovative and growth-oriented. This structure should also be useful in bringing about mergers where larger scale and more specialization will genuinely enhance the competitive strength of Canadian industry.

Initially, we aim to have a sufficient shareholding in each enterprise – either alone or together with major and reputable partners – to achieve effective control of those enterprises. This does not mean that we must always have 51% or that there will not be times when we shall aim at 100%; the numbers are not so important as the ability to have a positive and constructive influence on the policy and operations of the underlying companies. The CDC is quite prepared to undertake joint ventures with others in the private sector, including non-resident-controlled companies, but not when control will lie with foreign interests.

The CDC, then, might be described as aiming to operate midway between the styles of a multi-division operating company and a merchant banker. There is no desire to intefere in the day-to-day operations of underlying companies (indeed, CDC would hopefully make investments only when good management was in place or obtainable). CDC's prime concern would be working out the basic strategy of those companies in concert with management, but always being prepared – if management proved weak or inadequate – to replace it. This is, or should be, the position that any normal major shareholder takes – as contrasted to a lender's approach, which would clearly not be appropriate to the CDC since it will not invest in debt securities.

Section 39 of the Act authorizes the government to sell to the CDC its interests in Polymer Corporation, Panarctic, Northern Transportation, and Eldorado at a fair and reasonable price; however, there is no obligation on the part of the CDC to acquire any or all of the corporations. Some observers have come to the erroneous conclusion that this section was put in the bill to make the CDC's earnings look good in the early years of its operation. This is certainly not the case; in fact Eldorado and Northern Transportation have both lost money in recent years. It is virtually certain that we will not acquire Eldorado in view of the weak demand for uranium, its high mining costs in relation to today's prices, and its heavy stockpile. The decision on Northern Transportation is still open, and will depend upon the outcome of our studies of its future profit potential.

Panarctic, of course, does not have any profits, either, since it is an exploration and development company; indeed, it will require significant infusions of new capital for some years. Polymer's profits have shrunk dramatically in recent years because of the conditions in the synthetic rubber industry. This company earned a very modest amount of money in 1971, although it expects to earn more in 1972 and succeeding years as its diversification program begins to bear fruit. However, to achieve these improved earnings it will require substantial infusions of new equity in the next 12–24 months.

Nevertheless, we take a positive view of the prospects of both Panarctic and Polymer and have come to the conclusion that both these companies could fit into our own strategy. Incidentally, at this stage in their development, continued direct government ownership could involve delays and uncertainties in reaching the important business decisions they must make. In the case of Panarctic, the Department of Indian Affairs and Northern Development has confliflcts of interest since it is responsible for the balanced development of the North, for protection of both the rights of the native people and the ecology, and for the granting of permits to all oil and gas companies, while at the same time being a shareholder in the largest company operating in the Arctic Islands.

In any event, our Directors have determined that we should be prepared to make a bid at fair and reasonable values for both Polymer and Panarctic. Even though these two companies would in effect be going only from one pocket of the government to another at this stage, through the issue of more CDC shares to the government – with the actual value realized by the government dependent upon the value of the CDC's shares when they are first offered to the public – both sides are putting great stress on arriving at a market price, a price at which a willing buyer and a willing seller would normally meet. This is not easy to do since neither company has a history of stable earnings and there are no other companies with which a comparison could easily be made. Nevertheless, both sides wish to be realistic, the government for obvious reasons, and we because we do not wish to be regarded as "marks" who have paid too high a price under the influence of government or as weaklings requiring some sort of favour from government in order to survive. In any case, it is an encouraging and constructive development that Parliament can envisage companies moving out from under government ownership, since too often in the past there appears to have been a rule that when a government gets into something it should never let go of it.

This brings me to the fourth and final unique feature of the CDC's legislation, namely the provision in Section 36. 1 (b), which gives the Company the sole discretion to redeem for cancellation at net asset value any number of common shares held by the government – or agents of the government – in excess of 10% of the total. This feature has been very much overlooked in discussions of the CDC; it represents a genuine attempt by the federal government to regard itself as the minority partner of a joint venture with individual Canadians to promote the growth of strong, domestically-controlled corporations in the private sector. For too long Canadian business and governments, or governments and private citizens, have adopted an adversary position towards each other, a position of mutual distrust – well-merited in some cases – instead of working together toward a common goal – the economic, social and political betterment of our country. We must all hope that the intended spirit of co-operation between government and private citizens as shareholders in the CDC will lead to a new attitude which will spread far beyond the boundaries of that organization. If for no other reason that this, the role of the government in the CDC, including its willingness to sell the Crown Corporations at realistic market prices, should be followed with a close and intense interest by you and by all Canadians.

How quickly government's percentage ownership of CDC will decline depends upon the timing and acceptability of public issues of CDC securities, whether those be common shares, convertible preferred, debt with warrants, or some combination of the above. It is the Directors' intention to make such an issue as soon as possible after a reasonable portfolio of investments has been built up and is making satisfactory progress. The aim is to make the shares available to the widest possible range of Canadians, whether by way of warrants or in some other fashion, so that they may have an opportunity of investing at what is relatively a "ground-floor" stage. Although the risk will be somewhat higher at this earlier phase of development, and this fact will be emphasized in any offering, we believe that each potential shareholder should have the possibility of making his or her own decision as to whether or not to buy them. The Canadian public may also be offered a chance to participate directly in some of our underlying investments from time to time, particularly when we sell holdings which have matured and become acceptable to more conservative investors, in order to free our resources for more aggressive investments.

Before any public offering of the shares, CDC's operations will be financed by share purchases by the federal government, which has publicly indicated that it will subscribe $100 million in the first year of the Corporation's life, followed by $75 million in each of the next two years; there is also provision for a loan of $100 million from the government. The shares may prove to be of unusual interest to Canadians, not only because of the nature of the Corporation's activities, but because the Corporation has the power to purchase its own shares for cancellation (Section 23 of the Act) by a specific resolution of its Board. This feature, together with the issue of appropriate warrants – perhaps on a revolving basis – should help to avoid the discounts which commonly characterize closed-end investment companies. Otherwise, our share characteristics are similar to those of any other company, although only Canadian citizens or residents of Canada may purchase voting shares and no person may hold more than 3% of the total. This latter restraint is rather academic, and is aimed at preventing the Corporation being taken over by a single private group.

Summing up briefly, then, the CDC is a unique cooperative venture launched by government but designed to be run by independent directors for the benefit of all the shareholders, 90% of whom will ultimately be Canadian private citizens. It is large enough to have a worthwhile influence – both directly and as a catalyst – in helping to get profitable and constructive things done by Canadians – things that would not otherwise get done, or get done so fast. It aims to work in a close and creative, yet competitive, spirit with other private sector corporations to accelerate our country's progress. And its philosophy is to take a constructive view of the potential that lies ahead; to shape the future rather than recapture the past.

Mr. Hampson was thanked on behalf of the Empire Club of Canada by Mr. Joseph H. Potts, C.D., Q.C.

EDITOR'S NOTE: On November 29, 1971, the Federal Government announced the appointment of the first twenty-one directors of the Canada Development Corporation including the appointment of Mr. H. Anthony Hampson as Board Chairman and Mr. Marshall A. Crowe as President.

His Address to the Empire Club was the first major speech given by either of the two senior officials of the CDC since their appointment and was thus anxiously awaited by the financial community and by Canadians generally. In this Address, Mr. Hampson did much to allay the fears of those critics of the CDC who felt that it might become simply an agent of government policy.

Mr. Hampson disassociated himself and the CDC with the current political debate on the foreign ownership question, stating that the CDC would act "as a positive force to create and back Canadian investment projects rather than be a mechanism reacting to foreign acquisitions."

Mr. Hampson did not appear to share the concern of many Canadian nationalists or the Committee for an Independent Canada, stating that "the share of foreign capital in Canada's industry is peaking as Canadians increase their *investment in equities and that "as a background factor influencing the shaping of the CDC as it now is, the foreign investment issue was very much less significant".*

In the five months following this Address, Mr. Hampson announced, on behalf of the C.D.C., the purchase of the Connaught Laboratories, a manufacturer of Salk vaccine, insulin and other medical products. As predicted, Polymer Corporation was purchased from the Federal Government and Mr. Hampson reaffirmed his desire to acquire the Federal Government's interests in the Panarctic Syndicate and the Northern Transportation Company. Mr. Hampson also announced that the C.D.C. would invest in three venture capital firms in Toronto, Montreal and Vancouver and indicated the C.D.C.'s desire to participate in the financing of the new $6-billion natural gas pipeline in Northern Canada.

The sheer size of the CDC with authorized capital of three-billion dollars assures the importance of this Corporation in the future economic development of Canada.

FEBRUARY 24, 1972

The Right to See Everything . . . Including Ourselves

AN ADDRESS BY Mr. Pierre Juneau,
CHAIRMAN, CANADIAN RADIO-TELEVISION COMMISSION

CHAIRMAN The Second Vice-President,
H. Allan Leal, Q.C., LL.D.

MR. LEAL:

We are constantly being reminded that the life line of the global village is an adequate communications policy and system. Conversely, I suppose, an inadequate system might sound its death knell. We know now that such things as broad band or multiple channel cable communication systems are rich and vital national resources. They can be developed and utilized, subject to legitimate controls, to enhance the quality of our lives, or be exploited and squandered to our great detriment.

Our speaker today, Mr. Pierre Juneau, as Chairman of the Canadian Radio-Television Commission, is a central figure in the decision making and administrative processes which will determine for us whether it is to be the one or the other.

Those of you who, like our guest, have been reared in the classical tradition, will recall the rather rough passage of the hero of Virgil's Aeneid who, in transaltion, was said to have been "buffeted about much both by the violence of the gods and the unrelenting anger of cruel Juno!" There may be those whose passage before the CRTC has been equally stormy. A too avid pursuit of analogy is always dangerous and never more so than with respect to the temples of the deity, but of our guest it may be said – present company excepted – that he hath put down the mighty from their seats and the rich he hath sent empty away.

On a recent occasion I was in the lobby of an Ottawa hotel at 5.30 a.m., on my way to catch the first morning flight, when I was set upon by a friendly Texan who, apparently, had not fared too well before the Commission on the previous day and was anxious to talk about it. Two things he said which impressed me even at that early hour: the first was that "it sure don't take long to stay overnight in this town", and secondly, "Man, this fellow Juneau don't give much away". I liked what he said on both counts.

Mr. Juneau was born in Montreal, educated there and in Paris and is on the right side of 50. His association with the National Film Board of Canada dates from 1949, on which he served variously as Representative from Montreal; Assistant Director for the Province of Quebec; Director of International Distribution; Assistant Director of the European Office, London, England; Secretary to the Board and Assistant to the Commissioner; Executive Director; and from 1964 to 1966 Senior Assistant to the Commissioner and Director of French language production.

He was appointed Vice-Chairman of the Board of Broadcast Governors in 1966 and Chairman of the Canadian-Radio-Television Commission on April 1, 1968, a position he now holds and serves with great distinction.

We welcome him to the Empire Club today and I invite him now to address us on the topic "The Right to See Everything . . . Including Ourselves!"

MR. PIERRE JUNEAU:

Canada receives more entertainment, information and educational products from other countries than any other nation in the world.

It is normal that Canadians should enjoy the largest possible choice of information and entertainment. The role of the CRTC, within the terms of the law, is to make sure that this choice is as wide, as varied, as comprehensive, as representative as possible.

The objective should be to broaden the choice, not to reduce it. To add to the variety of sources. To fill in the gaps in the spectrum. To increase relevance and gradually to increase the level of excellence.

Let us have a look at some of the material that is now available, starting with magazines.

For the purpose of this talk, I had thought of making a collection of all the magazines available on Canadian news stands and then comparing here today the stack of Canadian magazines with the stack of foreign magazines. I dropped the idea because it was too much work and also I realized that it might be embarrassing for the Chairman of the CRTC to be found in possession of some of the stuff. So, I resorted to statistics: they're dull . . . but they're clean.

If you use the figures of the Audit Bureau of Circulation or the figures for which there are sworn circulation statements, you get the following results: Canadian magazines available in English or French, 51. American magazines, 375. To this number, you can add at least 25 British and French magazines which gives you a conservative total of 400 for foreign periodicals.

An inquiry into the motion picture situation does not require a great deal of work or money. You just pick up the local newspaper. Here are two pages of the Toronto *Star* for Saturday, February 12. They advertise something like 80 American and European films and two Canadian films: Mon Oncle Antoine and Rip-off.

Now television. This, also, is quite easy. Anybody can do it. No need to be a statistician or a sociologist. Again, pick up a TV schedule; there are excellent publications. For instance – *Toronto Week*: its schedule lists 8 American television stations. If you take into account only the Buffalo stations and the four Toronto-Hamilton stations, you end up with approximate figures of 78% available U.S. programs as against 22% for Canadian programs.

These are, of course, very rough figures which apply only to Toronto. They are not audience figures. They only indicate what is available.

What about motion pictures on television? Well, for the week of February 12, 1972, *Toronto Week* listed 138 feature films on television including 23 on Saturday the 12th and 24 on Friday the 18th, not one of them Canadian.

Whether you consider this a favorable or an unfavorable situation, one thing is sure: no other country in the world is in a comparable situation. Not the United Kingdom, not France, not Germany, not Japan, not the United States.

We have all heard about direct broadcasting by satellites. With all the talk about television programs eventually being available from one country to another by this method, countries are having a lot of discussions as to what things would be like when direct broadcast satellites start operating. My answer is simple: it would be close to the present situation in Canada. As a matter of fact, it would take some time before things, in other countries, reached the point where they are now in Toronto, Vancouver, Hamilton, London, Windsor or anywhere in Canada where there is cable television, like Montreal, Victoria, Winnipeg or Quebec City.

Why emphasize these facts? Not to provoke a negative reaction. Simply to make the situation clear. These *are* the facts. This country, I think, is by far the most interesting mass-communication laboratory in the world.

We are a modern, industrialized country. Not an underdeveloped, rural country. An enormously large country and thus difficult and costly to cover with transmitters. We are committed to providing services in two languages. We have Government supported FM, AM and TV networks. In radio and television, we have a vast private sector. The most aggressive and fastest developing private cable television industry in the world. Finally, in terms of broadcasting, entertainment and information, we are next to the most powerful and richest nation in the world. Programs from four American networks pour into Canada directly or are picked up by community antennas.

Anyone thinking that this country, as a whole, runs the slightest risk of lacking a fair choice of American entertainment or information material, must have some trouble which perhaps a psychiatrist could identity.

There has been a lot of talk since the last war, particularly in UNESCO circles, about the free flow of information. Whether we like it or not – and let's face it, this situation is not all a matter of choice – we have, in Canada, a communication system which, in fact, is freer than any other in the world – including the United States.

If you look at the facts, you find that the only voices that may be victims of censorship are the voices of Canadians.

Not censorship by any state institution, which is the form of censorship that usually comes to mind, but censorship caused by the nature of technology itself, censorship by mass marketing philosophies, censorship by multinational industrial planning, censorship by the rigidity of scheduling.

Was the battle against censorship in the history of democracy waged to protect world market strategies?

Was it fought so that in the field of ideas, the lowest common denominator could dictate to the rest of the population? No. The struggle against censorship was fought so that all views could be heard. Not only the views that coincided with what the largest consumer group might buy.

It was a battle of the weak against the strong to ensure that minority voices could make themselves heard in order to defend their own interests or to defend views which they thought useful for the common good.

Canadian voices, Canadian talents today are, of course, a minority in North America. They can only be a minority in the world. Can Canadians accept to be a minority voice in their own country? In the circumstances that we have described, is not the demand for freer Canadian expression part of a much older and more profound struggle?

What is to be done about this?

Allow me to reiterate that the CRTC is not a private organization pursuing its own objectives, nor is it an instrument of the Government of the day. It was created in 1968 by an Act of Parliament which was supported by all the parties in the House.

This Act declares that:

- the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
- the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;
- the national broadcasting service should contribute to the development of national unity and provide for a continuing expression of Canadian identity.

It is with enthusiasm and pride that the fifteen members of the Commission have accepted this mandate from Parliament and are trying to implement it.

They have a strong conviction that they form part of a long Canadian tradition historically adhered to by every political formation in the country. In this respect, it is interesting to recall that the CBC was created under a Conservative Government; the National Film Board under a Liberal Government; the BBG under a Conservative Government; the Royal Commision on Publications under a Conservative Government and finally, the CRTC under a Liberal Government and that by an almost unanimous vote of the House, including New Democratic Party, Social

Credit, Progressive-Conservative and Liberal members.

This strong conviction about the need for Canadians to be heard in their own country has been expressed as follows throughout the years:

The Aird Report, 1929

> "There has, however, been unanimity on one fundamental question – Canadian radio listeners want Canadian broadcasting."

Rt. Hon. R. B. Bennett
Feb. 16, 1932

> "Canadians have the right to a system of broadcasting from Canadian sources equal in all respects to that of any other country."

1950 Parliamentary Committee

> "May your Committee point out that ever since 1928, every parliament, every political party, every parliamentary committee inquiring into the question has been in favour of a system similar to the one we now have."

O'Leary Report, 1961
Report of the Royal
Comission on Publications

> "In this role, communications are the thread which binds together the fibers of a nation. They can protect a nation's values and encourage their practice. They can make democratic government possible and better government probable. They can soften sectional asperities and bring honorable compromises. They can inform and educate in the arts, the sciences and commerce. They can help market a nation's products and promote its material wealth. In these functions it may be claimed – claimed without much challenge – that the communications of a nation are as vital to its life as its defences, and should receive at least as great a measure of national protection."

We know that in every city and nation there is of necessity a sharing of values, a mingling of interests, aspirations and feelings; ultimately common forms of expression. This is neither an idle hope nor wishful thinking. It is a statement of fact borne out in Canada as in Mexico, and in London, Paris or Tokyo.

Broadcasting remains one of our most powerful tools to express a national commonality. The Grey Cup and the NHL playoffs appear almost as regular national festivals shared through broadcasting.

Such national electronic spectacles, as the Miss Canada Pageant, may not be everyone's idea of a vital expression of national identity, but they are universal symbols linking Canadians together and transcending regional differences. Canadian unity is well served both by the unanimous aspects of popular celebrations and by more complex programming.

Many of you will remember the remarkable Canadian output of the golden age of CBC radio drama. A tremendous virility and variety of writers from many parts of the country grew into national prominence through such programs as the CBC "Stage" series. The other day, W. O. Mitchell of "Jake and the Kid" fame, reminisced about their work:

> "The fact is that the producers used writers who in fact prospected themselves and their own lives. They did not deliberately want to say, 'Hey, I'm a Prairie boy; hey, I'm a Maritimer, I must write about these people'. Instead whatever floated up, that's what formed their illusion. Because of that approach the things that were being done lived in the world of the individual and of the unique. The reason was not because of any policy of saying 'we must have Canadian stuff', but because the people the producers invited to create their dramatic illusions were in a Canadian context."

This necessity to represent faithfully our own experience before trying to conquer external markets is confirmed by the recent success of *Robert Charlebois* in Paris, the growing popularity of *Anne Murray* or the *Lighthouse* or the *Crowbar* of the *Guess Who* in the United States.

"L'Acadie, L'Acadie" the film by Pierre Perrault recently shown on both the French and English networks of the CBC showed that works coming out of the experience of a region could help us understand each other better. It dealt with the problem of francophone minorities in New Brunswick – a subject already richly treated by mobs of talking heads and hundreds of inches of newspaper column space. The opening sequence of the film *"L'Acadie, L'Acadie"* added one vital dimension – understanding . . . understanding of the useless suffering and wasted energy brought about by this type of imbalance.

The humour and poetry of many television commercials remind us of the essential role of the imagination in our lives as consumers. In the shaping of our national lives, the role of imagination must likewise be recognized.

It is true that today, whatever the latitude, the lands of our world tend to resemble one another like the great halls of airports. But we should work to build our own home, our own atmosphere according to our tastes and habits around the standardized industrial products that adorn every North American house. This redecorating, if you like, of our own milieu should provide us with some valid, maybe encouraging reasons to live here, and even to invent things here that may not be found elsewhere.

As long as we stay in our home and decide not to sell it off bit by bit, then the voices and images down through time which make it up are indispensable to our comfort and balance and ease of movement.

There are many reasons for us to create images and sounds *which no one else can create for us*, for us to give particular attention, and devote very special efforts to Canadian artistic productions.

These are very normal objectives, also expressed by all other countries. In view of the circumstances, they are also difficult objectives to attain.

Traditionally, the solution adopted in Canada to meet these objectives has been to create crown corporations. Thus, we have had the CBC, the NFB, the Canada Council, the Arts Center in Ottawa, the Museums, the Archives, the National Gallery, etc., etc. There was no question that such institutions were indispensable. They are still just as indispensable, if not more.

However, it has been gradually recognized that Canadian expression could not all be channelled through such agencies. Thus, in the early sixties, room had to be made for private television stations so that Canadians could enjoy more than one Canadian television service. Later, the Canadian Film Development Corporation was created so that private film companies could be encouraged to produce Canadian feature films and help in the development of a Canadian feature film industry. More recently, the Secretary of State announced various forms of encouragements to book publishers.

Here in Ontario, the principle of government aid to book publishing is being examined following the submission of the report of the Royal Commission on Bookpublishing to the Ontario government. Some action had already been taken: the granting of a 10 year loan to McClelland and Stewart Limited of $961,000.

Such initiatives recognize that the problems in meeting national cultural objectives gradually became too complex to be solved by state supported institutions alone. Private enterprise had to be actively encouraged.

These initiatives are also a recognition that private enterprise has a broader and more fundamental meaning than that normally associated with the Canadian Chamber of Commerce, for instance. Basically, private enterprise means: spontaneity, innovation, creativity, risk, daring, imagination, independence, starting something, not waiting for anyone else, perseverance in the face of obstacles. These are qualities that belong to people, not to institutions or to particular sectors of the economy. They can even be found in government! Private industry expects them of their personnel, and wishes they were uniformly present.

They are present in the man who develops a small radio station or a record store into a large, successful business enterprise and also in the man or woman who sits alone and decides to write a book or a song or make a film or produce a play which nobody else believes in . . . and does it.

While the virtues of private enterprise are not a monopoly of business, creativity and imagination are not confined to the field of art and culture. You must find them and you do find them in the financial analyst, the investor, the music publisher, the program director, the managers of all types.

More and more business leaders today are talking about the social responsibility of business. Almost every issue of the most important business publications contains an article on this subject.

While it's interesting to follow how the thinking of the leaders of North American business is currently developing, I'm sure there isn't anything new in these views for Canadian broadcasters. They all hold a licence under the Broadcasting Act which, one has to assume, they have sought in order to fulfill a social responsibility. Indeed, the Broadcasting Act says that radio frequencies are public property.

In order to obtain a licence, they usually have made considerable efforts to demonstrate how much better than their competitors they would fulfill their social obligations.

According to the new business philosophy, business is invited to get involved in solving public problems. We have a real public problem in Canadian communications. It is the problem of production. The Commission thinks business should be highly involved in solving this problem. Some of my colleagues and myself have had frank and encouraging discussions in the last few months with some of the leaders of the broadcasting industry. It seems to me that there are enough capable people in the Canadian broadcasting industry that the problem of producing programs should be solved; that broadcasting should be a leading industry and that it should be an inspiration to the rest of the country. Is this not what communication is all about?

If I may be allowed paradoxically to quote Jerry Rubin within these walls and in this context: why don't we "DO IT"!

The Broadcasting Act came into force in April 1968. Right at that time, the consensus was expressed by Parliament that broadcasting programs should be predominantly Canadian. In February 1970, the CRTC announces its program policy proposals. These proposals then became regulations. Thus, in the Fall of 1972, four and a half years after the passing of the Broadcasting Act and two and half years after the CRTC policy announcement, Canadian programs will have to predominate on Canadian stations to the extent of 60%.

Since 1968, and even after the publication of these regulations, no broadcaster has returned his licence to the Commission. Shares of broadcasting and cable companies are doing extremely well on the stock market. And here are a couple of quotations from financial analyses published by some Canadian underwriters:

> "The year 1971 was a very successful one for communications equities as the TSE Communications Index rose by *35.3%*, compared to a *4.1%* gain for the TSE Industrials. While it would be unreasonable to expect gains of this magnitude in 1972, the fundamentals of the industry are sound and we expect the group to perform well."
>
> Wood Gundy, January 1972

> "The CRTC has modified and clarified a number of its regulations for television in 1971." . . . "We think that the regulatory climate for television is more positive today than at any time in recent years. In view of this,

> we expect that investors will take a greater interest in the stocks of the publicly-owned TV broadcasters . . ."
>
> Burns Brothers and Denton Limited
> The Blue Book, Autumn Forecast, 1971

Recently, the price agreed upon for a broadcasting operation belonging to the CTV Network involved an element of good will of $6.7 million dollars or approximately 40% of the total purchase price for the non-current assets of the company which was $16.7 million dollars.

This is business and I am not, now, expressing any criticism. But we all know that such prices are possible because of the high market value of the business that is being sold.

The conclusion can only be that we are all fortunate to have broadcasting stations that have such good market value and we should get on with the job we have to do for the public of Canada.

We have no lack of tools for program production in Canada. Substantial investments have enabled us to establish a considerable system of cultural processing and circulation which we must refuse to consider as a transit system for foreign works.

In this country, which is constantly being shown and described to us, we are daily discovering unknown aspects and resources.

The quality of local programming on television in certain areas has progressed remarkably and deserves to see its audience grow.

Examples of successful local productions are close at hand. CFTO's *Worldbeat*, a nightly mix of international, national and regional news in a highly professional format, reaches an average weekday Toronto audience of 331,000, more than Mannix and Marcus Welby later in the evenings on the same channel.

On the West Coast, the local CBC early evening news and information package *Hourglass* achieves a similar success in one of the most saturated television markets in Canada. Again, it is watched by more people than such perennial prime time heavies as Marcus Welby and the FBI.

Wildlife and nature programs, growing out of a feeling for the unspoiled wilderness of neighbouring regions, are remarkably successful in both Vancouver and Calgary. CFCN Calgary's *Outdoors Unlimited* ranked 15th overall in the November rating period – out-drawing even Hockey Night in Canada. CBC Vancouver‘s *Klahanie* is watched by an average of 119,000 people, more than watch O'Hara U.S. Treasury or Front Page Challenge on the same channel.

These are local efforts, growing out of local experiences and the taste and imagination of the region.

It is impossible to doubt our capacity to produce prototypes for international programming. For example in the much acclaimed Sesame Street, one finds faithful duplications of models produced in the Canadian school of film animation by such pioneers as Norman McLaren, George Dunning and Dick Williams, whether it be the animated letters, dots or doodles of *Five for Four* or *Rythmetic*, colours in movement as in *Fiddle Dee Dee*, textures silhouettes of *The Flying Man* or the phlegmatic figures of *The Wardrobe*.

Sesame Street's famous *Muppets* should by now be honorary Canadian citizens. They are now doing their third television special at Robert Lawrence Productions here – the initiative is all Canadian and it has paid off. The first special, "Hey Cinderella", as well as making Canadian and Americn network sales, has been successfully marketed in Europe and Australia. "The Frog Prince," the second special, was the first Canadian production to achieve an American network sale sight unseen. The Robert Lawrence Company are veterans in breaking into the tough American network market. Back in 1965, CBS bought their daytime series "Moment of Truth".

Ontario recently concluded the biggest single export deal in Canadian television history with the sale of the rights of 4,000 OECA productions to the NBC network for a sum which, in a few years, could equal the total cost of producing the programs. "The best ETV library in the world" said an NBC spokesman. It was a pleasant surprise – except for those following the production of educational films at the National Film Board or the Office du Film du Québec who already knew the value and quality of Canadian educational production.

At the same time, the CBC French television series "Quelle Famille", sold to a community of five French-speaking European nations, and is now enjoying unexpected success on French television. Some commentators have criticized this sale of portraits they feel to mirror a little too awkwardly everyday Quebec life, and are embarrassed by its success. *Something* must have changed in our systems of production and diffusion if it is now our successes which form the object of our own criticism and not the incapacity of our creative groups to express themselves and to become recognized abroad.

What about the audience for Canadian programming. It's generally assumed that there are only a few faithful patriots watching our Canadian network shows. Well, a million or more Canadians is a pretty substantial congregation . . . and according to the November ratings from the bureau of Broadcast measurement, the following Canadian programs had an audience of a million or more:

Over 2,000,000
- The Miss Canada Pageant
- Hockey Night in Canada
- The Anne Murray Special "Anne Again"

Over 1,000,000
- Front Page Challenge
- Canadian Football League Games
- Sunday at Nine

The Tommy Hunter Show
Country Time
Irish Rovers
Pig and Whistle
Ian Tyson
Untamed World
Rollin' on the River
National News on CBC
This Land
Here Come the '70's
and Telescope

It simply is not true that nobody watches Canadian programs. These are pretty respectable minorities.

By now too, the myth that nobody listens to or buys Canadian records should be well laid to rest. The *Financial Post* leads off a February 19th full page story on the Canadian music industry with "Credit the CRTC with propelling an infant Canadian industry into early maturity". As I said earlier, the Commission only put into effect the 1968 Broadcasting Act's principles of increasing Canadian broadcasting programming. Now, Canadian records get more air play on Canadian radio stations. The result: and again I quote:

> ". . . royalties paid to Canadians increased from $363,000 in 1968 to $870,000.
>
> "Columbia Records of Canada reports it has tripled its Canadian artists and repertoire budget in the past two years. Capitol Records (Canada) Ltd. says Canadian records now account for 15% of total sales versus 3% in 1967–68."

Two years ago, there was only one 16 track recording studio in the country. Now there are five 16 track and one 24 track studios in Toronto, one 32 track studio in Montreal, and other facilities from Halifax to Vancouver.

Other statistics indicate that the number of records released by "wholly owned Canadian companies" increased 57% in 1970–71.

Nobody has turned in their radio station licences with stricter Canadian content regulations. In fact, CKLW in Windsor has seen its ratings go up 20% in the very year in which the new regulations came into effect.

Radio, far from being the ugly sister in the broadcasting family, may yet be its Cinderella. It's often forgotten that Television long ago took over radio's situation comedies, standup comics and weekly musicals. Radio is now a vital non-fiction medium and it lives and flowers for an ever better informed public. It has had a major role in actually changing our acoustic environment. There are indeed new "sounds" in the air – and for me the most hopeful development is that many of these "sounds" are Canadian. A recent *"Cashbox"* gives a glowing review of the Carnegie Hall performance of the Toronto based group "Lighthouse". It points out that after two years, two Canadian albums and a hit single:

> "Skip Prokop's 11 piece big band faced a full house of fans, clapping in time and shouting for their favourite songs."

I hope that through this evidence, you can see that possibilities are opening up for Canadian expression in sounds and in image hardly considered only a decade ago. But, make no mistake, this early flowering of a new industrial sector must be carefully nurtured and protected.

If our mental landscapes, our creative aptitudes are not safeguarded and promoted I am afraid, the same fate awaits us as that which befalls a new TV show that doesn't get enough rating points, and suffers a premature exit. Except that in this case, we will, in fact, cancel ourselves. Because to obliterate real works of the Canadian imagination is to obliterate ourselves.

To preserve and develop our ability to create and produce our own imagery is something we simply cannot do without. To enable ourselves to see everything, including ourselves, through our own eyes and our own systems of production and diffusion, will require a long and persevering effort. We can't achieve in one season what the New York and West Coast television industry has in two decades, or what American and European cinema have taken almost 100 years to produce. We must not expect every work to be a masterpiece.

Fortunately, to judge by our recent results, we can affirm that the work is already well under way. The most important thing now is to realise it.

Mr. Juneau was thanked on behalf of the Empire Club of Canada by Mr. Peter W. Hunter, C.D.

EDITOR'S NOTE: Since the formation of the CRTC in 1968, no industry in Canada has been the subject of as much Government control and supervision as the television, radio and cable-television industries by the Canadian Radio Television Commission.

At the time of Mr. Juneau's Address, the CRTC had been successful (December 7, 1971) in reducing foreign investment in Canadian broadcasting from $150-million to only $25-million and dramatically increasing the Canadian content of Canadian television to over 60%. Similarly the CRTC has required that at least 30% of the music broadcast by the country's 400 AM radio stations, be Canadian.

The radio-television industry is the first and to date the only industry in Canada where the government has, as a matter of policy, insisted that control, previously held by non-residents, should be repatriated to Canadian ownership.

MARCH 2, 1972

How the Author Reaches His Public

AN ADDRESS BY Robertson Davies,
B.LITT., LL.D., D.LITT., D.C.L., F.R.S.C.,
AUTHOR, AND MASTER OF MASSEY COLLEGE

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

It is indeed a pleasure to have with us today, Canada's most distinguished man of letters, Dr. Robertson Davies. A man whose career has been so varied that one hardly knows where to begin – author, playwright, director, actor, editor, publisher, essayist, critic and educator – his life has been so rich with experience that Canadians cannot think of the literary arts in this country, without thinking of the contribution of our guest today.

Dr. Davies was educated at Upper Canada College, Queen's University, and Balliol College, Oxford where he took his degree in literature. His first love was for the theatre and after gaining considerable experience as an actor in the English provinces, he joined the renowned "Old Vic" Company to act, and to teach in its Drama School and do literary work for the Director.

If the war had not intervened, perhaps Robertson Davies would have been permanently lost to Canada. In 1940, however, he returned, becoming literary editor of *Saturday Night* and then editor of the *Peterborough Examiner*, a newspaper which he has been connected with for over twenty years.

He continued his interest in the theatre and wrote a number of plays which were performed extensively in Canada and abroad. He also established an enviable reputation as an essayist and novelist. Much has been said about the difficulties which surround the creative arts in this country. Robertson Davies, although receiving more than a measure of success and recognition by Canadian standards, must have shared the frustrations of all Canadian authors during those early years who attempted to create a distinctive Canadian literary style.

The central character in one of our guest's own award-winning plays echoed this frustration by saying:

> "I hanker for a little honour and a little money – these are things that Canada gives her scholars with utmost reluctance and usually when they are near unto death – I am not patient! but I am not unreasonable! I can live on promises but in a country where the questions that I ask meet only with blank incomprehension and the yearnings that I feel find no understanding, I know that I must go mad or I must strangle my soul with my own hands. – Despised because I do not teach anything useful – Despised because I want things from life which nobody else seems to miss."

"Fortune my Foe
Why dost thou frown on me
And will thy favours
Never greater be."

For "Fortune My Foe", Robertson Davies won the Dominion Drama Festival Award for the best Canadian play in 1949 and as time went on, our guest's contribution to our cultural heritage definitely established him as one of the great men of Canadian literature.

He has received honorary degrees from five Canadian universities – a fellow of the Royal Society of Canada – a recipient of many honours. His novels are now "Book of the Month Club" selections, reproduced in paperback with covers showing pictures of beautiful women in flimsy négligés – perhaps the surest and most certain sign that success and recognition have arrived.

In 1962 Vincent Massey, that very distinguished but rather peculiar Canadian who did so much for Canadian culture, established Massey College. For that very individual institution for post-graduate scholars, the logical choice to be the first Master, was none other than our guest today.

To become Master of a College at the University of Toronto and have to face today's generation of university students must have been quite a switch for Robertson Davies, but surely an exilerating one. In his own words, he has described his experiences at Massey as a great transformation – saying:

> "Crisis follows crisis in never-failing profusion; the clash of personality and the displays of naked passion present a gaudy show. Every one of the seven deadly sins is demonstrated before my astonished eyes. I teeter like a tightrope walker along the farther precipice of the generation gap. My only worry is that the excitement may prove too much for my frail spirit."

Judging from our guest's robust appearance, he has made the transformation to educator admirably and the students who have had the honour of being exposed to his wit and humour will no doubt be much the better for it.

It is with great pleasure I introduce to you one of the truly great men of Canadian literature – Dr. Robertson Davies.

DR. ROBERTSON DAVIES:

You have been told that my subject is *How the Author Reaches His Public*. I asure you this title has only a general relationship to what I am going to say. One of the most difficult things about making speeches is finding titles for them. A few weeks before the speech is due, the president of the club or the chairman of the

Speakers' Committee calls and says: "What is the name of your address?" You reply: "It has no name." He says, rather sternly: "Well then, what is it about?" In this case I told Mr. Jackman it was about how a novel gets itself written. "Pull yourself together," he said; "you don't expect anybody to turn out to hear that, do you?" I replied modestly that I was always surprised when anybody turned out to hear me under any circumstances. But he was firm. He wanted a catchy title. I pondered for a few days, and called him. "What about, *How the Author Reaches his Public?*" I said. I had no delusions whatever that it was catchy, but at least it was a title. He very generously accepted it. So here I am, and here you are, and we must get on with our business.

Authors are not very much in the public eye, unless they are in trouble because of some gigantic imposture about a book they haven't written, or should not have written, such as a biography of Howard Hughes. Occasionally they are deemed to be of interest if they are being divorced, especially if the cause is cruelty. There is a widespread idea that authors are absolute devils in their matrimonial lives. Sometimes the newspapers carry reports of an author's death. These often run like this: "The unkown man of shabby appearance who was knocked down yesterday by a pizza delivery van has at last been identified as Lanugo Inkhorn, an author once popular but long forgotten. Identification was possible because the sum of forty-seven cents, which was found in his pocket, tallied exactly with Inkhorn's 1969 royalties, which had been paid to him last week by a Canadian publishing firm, now under American domination." When authors die they are frequently described as "once-popular" or, more often "well-known in the 'thirties." It is unheard of for an author to be popular at the time of his death. This is part of the tragedy of my profession.

Another curious thing about authors is that they have no period of maturity. When they begin, they may be so lucky as to be referred to, for ten or fifteen years, as "promising"; after that, they are called "old-timers". Last year the *Globe* *and Mail* referred to me as an old-timer, and then I knew that I was a genuine Canadian author; I had passed from the bud to the yellowing leaf without any intermediate period of flowering. From now until the melancholy item about the pizza truck it will be all downhill.

No doubt you are saying to yourselves, "If it is so painful, why do you do it?" The answer must be, "Authors are authors because they can't help it"; it is like being born with eyes of different colours. Only, in the case of the author, it is the mind that is of a special colour. Being an author is a state of mind, and it cannot be changed. Nor, let me say, can it be faked. It is possible to learn to write well, and even very well, as hundreds of thousands of writers of technical and scientific and informative books have shown. But these are not authors in the sense I mean. I am talking about writers of two sorts: poets and story-tellers. You cannot become either one by any amount of effort, and if you happen to be born one, you cannot escape. You need not write, but the chances are very strong that you will. You have something to say that will not let you alone. You may be good and you may be bad, and the chances are very great that you will be somewhere in between, but you are not likely to be silent. Your urge to communicate is overpoweringly strong, and if you resist it the urge may take a very ugly turn, by which I mean that your fantasy life may get the better of your external life, and that can lead in only one direction.

So you must, somehow, reach your public, whether it be large or small, and how you do it is part of what I am going to talk about today.

You do it, in almost all cases, through a publisher. We hear and read a great deal about publishers at present, because their business, in modern Canada, is said to be under serious threat. It is suggested that they should receive assistance from the Dominion and provincial governments. I know nothing of the intricacies of this problem, and do not intend to comment on it, except to say that I sincerely hope that any help that is offered to publishers will take a variety of possible indirect forms. I do not like the idea of direct subventions or hand-outs to businesses, especially when they are as important to the artistic and intellectual life of the country as publishing. I do not suggest that any government would put obvious pressure on publishers to make them produce what the government, or its advisers, thought suitable. The evils of subvention are not so simple as that. What I do say is that it is impossible for any industry to take money directly from a government without feeling some obligation to serve the purposes of that government. There is a simple economic law which may be summed up in the phrase: Nothing is for nothing. It is a very good law, and it is inexorable. That is why we have to be so careful about any help we accept. Some passages in the recently published Draft Report of the Commission on Post-Secondary Education in Ontario should make the publishing industry extremely cautious about government aid in any form.

The author, then, finds his publisher. This may take a long time, and there are many stories of fine books which have passed from one publisher to another for years before their worth was recognized. But I think these are the exceptions, which is why they make good stories. I know many authors, and only a few of them have had much trouble in finding a sympathetic and friendly publisher.

Many of you, I am sure, have heard stories about the wickedness, the grasping meanness of publishers. Byron is supposed to have said that Barrabas was a publisher. I have a theory about publishers which explains their curious temperament: I think they tend to be undiagnosed schizophrenics. They are people of dual personality, and both of their personalities are directed at different sides of their business. They tend to be friendly, literate, agreeable men with a genuine enthusiasm for literature and a cultivated taste in it; they like authors and are nicer to them than most people – because I may tell you that authors are not usually very pleasant companions, being often egotistical, or dishonest, or childish, or drunken and sometimes all four. Publishers often lend authors money, or buy them out of jail. I sometimes think that there is a saint-like streak in the best publishers, because the more detestable and troublesome an author is, the better they like him. This noble side of publishers is the one the author first encounters, and it is a side that will show itself at intervals all through their relationship.

If only it were possible to stop there! But truth demands that I describe the other side of this schizophrenic. This is the side that draws the contract. Because the Dr. Jekyll side of the publisher leads him to make so many bad deals with authors who may be personally attractive, or pitiable, but not writers of readily saleable books, the Mr. Hyde personality of the publisher drives him to be a hard bargainer when he enters into a business deal. This Mr. Hyde is a shrewd man of business, and he knows that only in the rarest cases does the author know anything whatever about business. Lulled and disarmed by the caresses of Dr. Jekyll, the author signs the contract which has been drawn up, inscribed on human skin in dragon's gall, by Mr. Hyde. He will regret it, twenty years later, but at the time of signing he does not know what he is doing. To a young author there is something inexpressibly delightful about signing a contract. And, it must be said, he is probably extremely lucky to get a contract. What he may not notice is that the contract he is signing commits him to sign subsequent contracts, on the same terms, forever. This is the sort of contract Faust signed with Mephistopheles. When successful authors meet, they vie with one another in describing the hideous servitudes to which, in their foolish youth, they have committed themselves. Because authors, you see, never think they are to blame for anything.

Fortunately the picture is not all dark. Within this century there has come into being a creature called a literary agent, and unless an author is a skilful man of business – like Bernard Shaw or H. G. Wells – he is wise to employ one. The agent arranges his business affairs for him, and does not permit him to sign any contract which has not been arranged on what the agent considers fair terms. For this the agent gets, as a usual thing, ten per cent of the author's earnings. As an author who has worked without an agent and with one, I consider the agent's fee money well spent.

Agents are rather like publishers, in some interesting ways. They like authors, and are often very kind to them. But they are primarily men, or women, of business. They know the market and what sort of publisher is most likely to be interested in any particular book. They employ people who are good at wrapping up parcels, which authors very rarely are. They always remember to enclose return postage when they send out a manuscript, which authors are inclined to forget. They are sharp at collecting royalties, which publishers sometimes forget to send. I am at present in the process of collecting some money which has been owing to me since July 1, 1968. I had better say that it is not from a Canadian publisher. I wish I had had the help of my agent in dealing with that situation, but because of the awesome respectability of the publisher in question I neglected to put the agent on the job. I suppose it serves me right that I am still waiting for my money.

Where are we now? The author has written his book; he has sent it to his agent; his agent has sent it to a publisher who likes it, and a contract is signed. Now what happens?

A long pause. About nine months, as a usual thing. During that time the publisher has the book designed, and printed, and has done something which he calls "fitting it into his list". This means that he chooses a publication date which will be as advantageous as possible for the book, but which will not mean that the market is crowded with books from a single publisher. This is a necessary precaution, for books have to be spaced out, or the booksellers, and the reviewers, will be glutted with books from a single publisher, and will be out of patience with him. They will think he is hogging the scene. Therefore, if a book of mine is to appear next October, I should have had the completed work in the publisher's hands some time last month. As a matter of fact, that is precisely what I have done.

What is the publisher doing with it now? I like to imagine him reading and re-reading it, lingering over the best bits, and calling in his colleagues to gloat over what I have done. But I am, as I told you, an old-timer, and I know that the publisher is marking up my beautiful neat typescript with marks which have a special significance for his printer, and the printer is ordering paper, and the binder is mixing up several pots of glue, and a great many technical processes are going ahead which will, unless there are serious accidents, have the book ready on time.

This period of waiting is a weary one for the author. If you were an actor, how would you like to finish your performance and wait nine months to find out whether the audience liked it or not? It is this sort of waiting that makes writers neurotic and bad-tempered. It also makes them live, as a usual thing, rather long lives. They expect everything to be slow and subject to unaccountable delay, and they have no intention of excluding death from this general pattern.

While he is waiting, the author has all sorts of personal anguish. He thinks of ways in which he could have made a better job of his book. He thinks of stupid errors of fact he has incorporated into it. Especially he thinks of the dreadful things the critics are going to say when the book appears. If he is a real professional, he never allows himself to think of critics while he is writing his book; he feels, and quite rightly, that if critics were as good as they think they are, they would be writing books themselves. But when his book has gone out into that terrible no-man's-land between completion and publication, from which no echo ever returns, he thinks of critics a great deal. If publishers are schizophrenics, writers are paranoids. He is sure the critics hate him, and want to destroy him; in this he is never more than half-right. If a critic gave him a good review last time, he shrinks from meeting the man, lest he should appear to be cultivating him in hope of future favours . . . And it is true that critics are capricious people and pick on things in a book that an author never thinks about. When my last novel was published a critic called attention to the fact that none of the beautiful women in it were Canadians. This was a sort of nationalism for which I was not prepared. Then my friend Mordecai Richler took the matter up in the pages of the New York Times Book Review, and the critic's feelings were hurt – for there is nothing so dreadful to a critic as to be criticised.

Talk of critics brings us to the actual publication of the book. The publishers, partly for reasons of business and partly because they are jolly fellows and like a party, often celebrate the occasion. They give a party. They invite the author. They also invite the critics. The result can be like one of those animal-taming acts which were popular in Victorian circuses, where lions ate happily from the same dish as lambs, and monkeys shared a banana with parrots without ever pulling feathers out of their tails. I say this *can be* the case; let me add at once that I have attended many such parties, both to celebrate books of my own and those of other people, which were delightful.

Then comes another interval, not of nine months, but of a fortnight or so, before the first reviews begin to appear. It takes two or three months before an author has received all the reviews of a new book, because reviewers have only a limited amount of space at their disposal.

Do authors read reviews? Most certainly they do. Sometimes they read and re-read them, studying them with a care usually reserved for Holy Writ. If the review is unfavourable they probe deeply for motives; they bite on the review like a man biting on an aching tooth, to see if it hurts as much as it did last time. If the review is favourable they read it for reassurance. And if – as sometimes happens – the review is a truly perceptive one, which shows that the reviewer has really understood what the writer was trying to do, and thinks he has done it well, it is graven on the author's heart.

One can never tell what is in a reviewer's mind. I am thinking now of a Canadian writer, Arthur Hailey, who has achieved extraordinary success with several novels of a type which was, I believe, first made popular by Arnold Bennett; they tell a story against a background of some very big and complex business enterprise. His books sell in the hundreds of thousands, and usually the film rights have been sold before the book appears. But the curious thing is that the more successful Mr. Hailey becomes, the worse are the reviews he gets. Some of his critics have not hesitated to attack him personally. It is as if they felt such success was an indecency, an affront to public order, on the part of an author. It cannot be said that Mr. Hailey puts himself before the public as an artist, or an experimenter in the novel; he seeks to entertain, and he most assuredly succeeds. And his success annoys the reviewers. I do not attempt to explain it. I merely put the fact before you as a curiosity.

It is a fact that reminds me of a proposal that was once put to me by my good friend Alfred Knopf, surely one of the most distinguished publishers ever to appear on this continent. He said that he thought publishers might grade their books like eggs or butter, or else stamp them with designations of the kind used by the movies, so that people would know what the publisher considered Grade A, or suitable for the whole family, and what was restricted in its appeal, or unsuitable for certain types of reader. This would help the reviewers greatly. If they received a book marked "Entertainment Only; No Symbolic Content: No Intellectual Additives or Preservatives" they would treat it differently from one marked "For Advanced Intellects: Not Recommended for Readers Below the Ph.D. Level; Keep away from Children and Senior Citizens". But Mr. Knopf was not sure it would work. Neither am I.

A great many people are fascinated by the idea that a novelist may sell the rights in his book to a film company. They seem to think that this means immediate great wealth.

The truth is quite otherwise. If a novelist sells the film rights of his book to a film company the usual thing is to begin with an option, which means that very little money changes hands until the film is actually made. Very often the film is not made, and even if it is the reward falls far short of munificence. Of course, if the film is a great success, like *Gone With The Wind*, the author stands to make a lot of money, but such films are extremely uncommon. A much more characteristic story is that of Margaret Laurence, a Canadian writer of the first rank, whose novel called *A Jest of God* was made into a good film called *Rachel, Rachel.* Mrs. Laurence received a welcome sum of money in consequence, but she would be the first to say that riches still elude her. Because, you see, if a writer makes a substantial sum in one year, his income tax in that year is very high, and the year following he has dropped back to a more modest level. There is a plan whereby authors can charge a single windfall against taxes over a period of three years, but you would be surprised how little this helps. On the average sum received for a film, the difference between paying everything in one year, and spreading the money over three years, may be as little as a hundred dollars.

The economics of authorship, you see, make very little sense. The rewards, considering the highly individual nature of the work done, are poor. This is why most writers, in Canada at any rate, pursue some other profession as a means of getting a decent livelihood. Personally I do not think that this is entirely a bad thing, for it keeps a member of a lonely profession in touch with a variety of other people. But it does mean that he has to remind himself every day that he is an author, and not a professor, or a banker, or whatever the other job is he does to keep the pot boiling. And as long as writers are willing to do other jobs for the bulk of their livelihood, the longer the government, and the public, will be willing that they should do so.

It is astonishing how indifferent the general public is to the needs of writers, although it must be obvious to anyone with any sense of what civilized living is that writers are a necessary group of people, who perform an irreplaceable public service. A nation without a literature is not a nation, and the quality of its literature is one of the standards by which a nation is judged now and will be judged in the future. Yet manifest injustices are not only permitted, but encouraged, against the author's work. One of these, I am sorry to say, is the way in which public libraries lend a single copy of a book literally scores of times, without any reward whatever coming to the author. If the books were lent to people who cannot afford books, the injustice would be less, though not negligible. But a great many people who afford luxuries that are not provided by the state, depend on free books. I was amused a little while ago when I met a lady who is known to be of substantial means, and who was at the time wearing a very beautiful fur coat, in a city about three hundred and fifty miles from Toronto. "Oh Mr. Davies," she gushed, "I'm so anxious to read your new book, but the waiting list at our neighbourhood library is so long I know it will be months before I get it." I knew what she was after. She hoped I would say, "Dear lady, I cannot bear to think of your distress; allow me to send you a copy." Should I have done so? I leave the answer to you.

I don't think that anything can be done about this. It is a well-established form of robbery, done under a cloak of public service. It is as little defensible as the piracy of books by foreign publishers which was so common in the nineteenth century.

That still goes on, by the way. Last month a friend of mine returning from Japan brought me a very handsome copy of a book of mine, which he said was selling very well in Japan. But I had not heard of its appearance there, and I shall never get a penny out of it. But what can be done about such things as this in a civilization where the marvel of almost instantaneous copying machines has made copyright a joke? Recently, in a Toronto newspaper, the news appeared that our own Government is establishing these copiers in our Post Offices, with a notice saying that they will copy, among other things, books. The machine and the Government will get some money, but the author will get nothing. Much of this kind of robbery goes under the cloak of education. I have looked in the papers for some sort of protest against this practice, but so far nobody seems to care.

What can be done? If I had a solution, I would certainly tell you. But the only thing I can think of is the provision of pensions for authors from public funds, as a recompense for the protection which the law is unable to give them, and which the Government itself seems to think unimportant. The pension plan is not in itself absurd. More than a hundred and fifty years ago the government of Norway was providing pensions for its authors, and without his pension Henrik Ibsen would not have been able to live. But in European countries there is a long tradition of respect for literature as an art, which has never taken root on this continent. We have the Canada Council, of course, which provides grants for writers who can show good reason for receiving them. But is the author's reward to be a periodic hand-out? After a certain length of time there is a want of dignity about applying for grants, and the policy of the Canada Council to concentrate on youth and promise – a policy which I do not quarrel with – still leaves the writer who is no longer young, and whose promise has been realized, in an ambiguous position. He is given occasional assurance that his country wants him and needs him, but he has daily assurance that his country will not lift a finger to protect his right in what he alone has created.

I set out to tell you how the writer reaches his public, and I have tried to give you some idea of the progress of a book from the writer's desk to the reader. Perhaps you wonder if the writer's public ever reaches him? I am happy to tell you that it does, and in many gratifying ways. One of the pleasantest rewards of authorship is the stream of letters that come from people in unexpected parts of the world who have been pleased by what he has written, and who take the trouble to tell him so. This is not an easy thing to do. To write a letter to an unknown person, who may be a misanthrope, or indifferent to public opinion, is not an easy thing to do. I have rarely written to authors myself, because I hesitate to trouble someone I do not know, even to praise him, and yet I know from my own experience how welcome these letters are, how keenly they are read, and how they are preserved. I myself cannot bear to throw away a kind letter from somebody who has liked a book of mine well enough to write and say so, and I am proud to say that I have some quite thick files of them. This is what really reaching the public means.

When I began to speak I said that I meant poets and story-tellers when I spoke of writers. Both kinds of men are of an incalculably ancient ancestry. The poet declaimed wherever people would listen to him; the story-teller unrolled his mat and called the passers-by to listen to what wonders he would unfold. In those simpler days the public response was immediate. Nowadays the response is by letter, and unfortunately our technology is now so advanced that the mail service gets poorer every week. Still, however late it is in arriving, the kindly letter, when at last it comes, assures the author, as nothing else can do, that he has reached his mark. He has found his public, and his public, after the delays I have described, has found him.

Dr. Davies was thanked on behalf of The Empire Club of Canada by Mr. Graham Gore.

MARCH 9, 1972

"Those Things We Treasure"

AN ADDRESS BY

The Right Honourable
John G. Diefenbaker,
P.C., Q.C., M.P., D.LITT., D.C.L., LL.D.,
F.R.S.C., F.R.S.A., FORMER
PRIME MINISTER OF CANADA

CHAIRMAN

The President,
Henry N. R. Jackman

MR. JACKMAN:

It will not have escaped your attention that many of those who are at the Head Table today can be described as the "class of 1957" – it now falls on me to say a few words about the Headmaster.

More has been written and said about John Diefenbaker than any Canadian in history. His career more than any other figure in public life today, represents the finest tradition of Canada's pioneer spirit of self-reliance and determination.

When our guest was a small boy, the Diefenbaker family left the relative comfort of southern Ontario and went to northern Saskatchewan at a time when the North West Rebellion was still fresh in our memories, when Red River carts were still being used along the Battleford Trail, and the horizonless prairie seemed to offer little to the settlers but the remnants of the rapidly vanishing buffalo herds. And there, some eighty miles north of Saskatoon, at Fort Carlton, the elder Diefenbaker homesteaded a quarter-section when $10 plus a commitment to stand by the land –

alone and unaided if need be – one could, with hard work and God's providence, build a future.

Our guest today suffered the privations of those early pioneer days, but John Diefenbaker worked, and studied, and read, – and reached the realization that one day he might be called upon to share his deep convictions with the people of Canada.

His rise in Saskatchewan politics was far from meteoric. Defeated five times for elected office, he finally achieved success when in 1940, he was elected to Parliament for the constituency of Lake Centre. In Parliament, as in his practice of law, he always championed the cause of the underdog, reflecting his belief that the promise of Canada would ring hollow if justice were not available for all. His years in Opposition were not easy – often he was considered a radical and unorthodox by his own Party – and leadership was twice denied him.

But when in 1957, leadership could no longer be denied, he spoke of his vision of the greatness and potential of this country, asking all Canadians to join with him to bring about the achievement of their own destiny. After twenty-two years of Liberal government, long since grown complacent, John Diefenbaker struck a chord in the nation's subconscious and by 1958 he achieved the conquest of a generation and was afforded the greatest majority ever gained under our free parliamentary system – either before or since. Always a great orator, he was able to put into words the secret cravings of a nation. His faith in Canada was never doubted. His concern for the less fortunate was never questioned.

It was never easy to have a neutral opinion about John Diefenbaker. Some have said that he believed too strongly, for deep felt convictions bring forth strong reactions and by 1963, facing the open hostility of the nation's press and the desertion of many of his own followers, he once again stood alone. Considering the forces that were ranged against him, perhaps his 1963 campaign represented his greatest personal triumph, and as the years have passed, John Diefenbaker has taken his place in Canadian history.

Those of you who are familiar with Shakespeare's "King John" may remember that the play chronicles a rather weary account of King John's barons fighting among themselves and rebelling against their sovereign. But in the final scene, when faced with external danger, the barons come back again and on bended knee, pay homage to their chieftain and the play closes with the lines:

> "This country never did, nor never shall,
> Lie at the proud foot of a conqueror,
> But when it first did help to wound itself,
> Now these her princes have come home again.
> Come the three corners of the world in arms,
> And we shall shock them. Nought shall make us rue,
> If we unto ourselves do rest but true."

If John Diefenbaker ever leaves public life, a little bit of all of us will go with him, but what will remain as part of the legacy which belongs to each and every Canadian, will be our increased awareness of the meaning and the potential of this great country of ours and for this reason, I have a very high honour to present to you – the former Prime Minister of Canada – John Diefenbaker.

THE RT. HON. JOHN G. DIEFENBAKER:

Mr. President, members of the Privy Council, Mr. Mayor – no one could help but be touched by an introduction such as that and the welcome that you have given me. You mentioned, Mr. President, that sometime when I am gone – there will be some part of Canada – that will have lost something. Well – we won't worry about that possibility in the immediate future. (applause)

If my friend Rabbi Monson will allow me to clear this situation up once and for all – a few years ago a Jewish congregation gave me an award – "The Tree of Life" – a magnificent thing – no gentile had ever received one. After the presentation I naturally asked what it meant. He said it meant I would live as long as Moses. (applause)

Well, Dr. Mutchmor, I did not have you there to help me out – so I had to ask, "What do you mean by that?" He said, "According to the Thirty-first chapter of Deuteronomy, Moses lived to one hundred and twenty years." Mr. President, when that news got back to Ottawa (applause) – well – and so I say to you, Mr. President, to clarify the situation.

I would like to refer to various people on the platform here, the guests, but I am going to have to restrict myself to two. One is my boy friend – he is three days younger than me – the Honourable Leslie Frost, (applause), – a man for whom I have a tremendous admiration. Last evening I was unable to be at a Club meeting honouring Sir John A. Macdonald, because I was not permitted by my doctor to leave Ottawa so I say to the President of that organization, and to Mr. Richardson, how deeply I regretted not being there.

I come to you today to speak to a Club that I have spoken to on a number of occasions over the years. You mentioned something of my earlier days. Well I can tell you this: My forebearers were in York in 1816 and I lived in Todmorden where my father was a teacher from 1900 to 1903. There were twenty-eight youngsters in that all-grade school and when I arrived in the House of Commons there were four of us sitting on the same side out of the twenty-eight. Mr. Mackenzie King, whose father taught in the Primer, sat opposite. (laughter)

My father was the only teacher in Canada's history that ever taught two Prime Ministers and I am not going to discuss with you at the moment in which case he made the biggest mistake. (laughter)

However, I have a deep affection for Toronto, Mr. Mayor, but I have been disturbed by recent events. Who could have ever believed a few years ago or dreamed of the fact that Toronto would have an international airport 360 miles away in South West Quebec? (laughter)

I don't want to enter into any controversial matters because I am not built that way – but I spent several years in Greenwood and Pickering Townships and I understand the resentment of the people there, that beautiful land, whose forebearers in their magnificent homes have lived there for generations. Who would ever have dreamed that in Toronto the Good in 1972 the Rochdale College would be in existence, more suicides than graduates (laughter) and they are receiving $270,000. from the LIP program. If this was not a gentlemanly meeting at which I was free to speak I would define "LIP" but I won't. There they are receiving money for all kinds of things under the sun, crackpots, parasites, draft-dodgers; – Hamilton, Mrs. Fairclough, isn't far behind. (laughter) There, $40,000. has been made available to a chap who is to produce two communist plays to be used in schools and libraries – And In Ottawa – I have to tell you what we have there. (laughter) We have a chap, a French citizen, three years in Canada, who gets $280. a week to tell the people of Ottawa how to be poor. We don't need any help with taxes being at the present levels.

Now, I want to deal today with a number of matters that I feel have to be discussed. I hope you will bear with me because I am not going to make a partisan speech. I am going to speak as a Canadian, seeing things happening today that disturb me and disturb Canadians everywhere. This Club preserves the traditions of the past, maintains the present and looks forward to the future. I have never been frightened to say what I have to say because I might fear being described as a bigot. You know – I like a nice spirit of tolerance where we do not say harsh things about each other, where nobody speaks out – where everybody is happy. I was greatly disturbed recently by the confrontation between the Prime Minister of Canada and the Premier of British Columbia. They got into an argument, (I am not going into that) but it was a private argument. I would like to have seen rather a St. Valentine's day card. I thought now, isn't there some way in which they could have said these things about each other without being so personal and I place this before you for what it is worth. There is a cartoon – a Valentine – from the Prime Minister to the Premier of British Columbia "To the great big bigot of the Big B.C., (laughter), a handful of horseradish and a stinging bee"; (laughter) and then I can see Premier Bennett replying: "Roses are rouge" – he never uses French –"Roses are rouge, violets are bleu, Bennett is great, the bigot is you". (applause) Now, in that way we would have that friendly relationship that we always had, Mr. Frost. (applause)

I am one of those who believe that there comes a time when one must speak. I am concerned about my country, not in a partisan sense but I wonder where are we going? My views may not be shared by too many of you but I am of an age when I must speak out and say what I have to say. – How many of you in your heart of hearts have been asking yourselves in recent years where are we going? What of our institutions? What of Parliament which consists of Her Majesty, the Senate, and the House of Commons. Where are we going?

Well, you would be surprised in Parliament today. In the old days some listened. Today's speeches are read with the exception of those of some who are on this very platform. We don't do that. It has become a place where there is no debate. There is no clash of arms. I just mentioned a moment ago and I interpolate this. I was with Churchill in his home on the day his great political enemy died, Aneurin Bevan. Dr. Morin came in and said "Winston, Nye Bevan has just died". Churchill said "That is very sad". Ten minutes later in came one of his secretaries and said the press would like to know in your heart of hearts, Sir Winston, what you thought of Aneurin Bevan. And the reply was "Are you sure he's dead?" (laughter)

Well, where are we going? Well, I think of Parliament in the days when there were debates that would change the views of government. When I was Prime Minister we used to change regularly after listening to the Opposition. That is the only way in which Parliament can function because members are not ciphers – they are not puppets and they have no excuse for not standing for the things in which they believe.

Oh, I think of some of the funny things in Parliament and I will be speaking more seriously later but I think of Mackenzie King. Mackenzie King was a bachelor and of course Mr. Bennett was a bachelor. We had a member by the name of Billy Assaly who was blind but he could recognize every member in the House by his voice. He loved all mankind. He left his entire estate to help the poor children in Kootenay; but the one group that he didn't like was the Doukobours and this day he was discussing how terrible the Doukobours were and he heard from across the way somebody laugh. Mackenzie King had a little laugh all of his own, "heh, heh, heh" (laughter) – that was before politicians had to develop the Pepsodent look (laughter) and he said "The Prime Minister laughs". Sitting almost directly across, he said "I asked him this question. What will he do some morning if he were to arrive out at Kingsmere and see half a dozen Doukobour women totally devoid of all raiment?" King said "Is that a question or a rhetorical one?" (laughter) Billy Assaly very seriously said "It is a question I would like answered". And the Prime Minister said, "I would immediately call in The Right Honourable, the Leader of the Opposition" and the House just chuckled and laughed. Bennett got up in all his full pride and said "Mr. Speaker, as usual, the Prime Minister exaggerates. (laughter) Dispensing patronage outside of his party has never been a characteristic in the past". (laughter)

Those are the living things. Parliament only lives so long as men and women stand for what they believe in. Parliament isn't business. Parliament has a soul. It represents the freedom of Canadians as a whole.

Mr. President, I am concerned about Parliament. I am not concerned when there is a clash of arms, when you come out second best in a clash of arms without the use of language that is not ordinarily heard in Parliament. I wouldn't be afraid to speak out because of the danger of being called a bigot but I would not be prepared to use language that has no place in the Parliament of Canada and I offer this as a suggestion because after all traditions are built up in this way.

In the United Kingdom in 1968 it was found out that right outside the door of the House of Commons there was a bowl of snuff. It had been there ever since the days of Charles the 1st and as the Members came in who partook of snuff they had their sniff. In 1968, they were going to abolish it. It cost £5 a year. Now, there was a great uproar in the House of Commons and the snuff box was maintained and I make this as a suggetsion today: at the rate we are going in the House of Commons we should have provided outside the door a strong detergent, a mouthwash. (applause)

I have been in the House of Commons for thirty-two years and I have seen the greatness of that institution. I did not always agree with those sitting opposite but they were great parliamentarians. Mackenzie King, Chubby Power, Ralston, Ilsley, Gardiner. Parliament lived. The clash of arms, – the discussion brought about change. Many of the suggestions came from the Opposition and they were accepted. Today people wonder why Parliament is not a living, vital place. It cannot be with speeches read, composed by ghost writers.

I am reminded of the United States Senator who by the course of time and a succession of elections finally rose to the top and became Chairman of the foremost Committee of the United States Senate. Everybody was disturbed how this man who had little knowledge of foreign affairs could occupy this position. He hired himself a ghost writer, a highly paid ghost writer. The first speech he delivered, his brother senators were tremendously impressed. They said

"We never knew it was in the man". The second one was in the same category and then he wrote a letter to his ghost writer and he said "Those two speeches you prepared were tremendous but" – he said – "I wish from now on you would write them in a little simpler language so I will know what I am talking about as I read them." (laughter) That annoyed the ghost writer no end. The next speech the Senator made he never read it until he got to the top of page eight and it said "From now on, you old buzzard, you are on your own". (applause)

Well now then, with all the sincerity I can place in my words I say to you this – Our institutions and our constitutional principles are being challenged today from within. There is a trend to state authoritarianism with an ever fattening bureaucracy and our constitution and our institutions are not being destroyed by actual operations but surreptiously.

I look at the great trees of the West Coast, tremendous trees, a thousand years old, eight hundred years old. You don't have to cut them down to destroy them, just remove the bark continuously and ultimately the tree will die and that is what is happening. Institutions in our country are being surreptiously undermined and weakened by erosion. The subtle means is much more effective than a direct one but the result will be the same.

I mention the Monarchy because this Empire Club stands for our great institutions and I am not here to argue how beneficial a Monarch is. That would take me quite a long time, but Where are we going?

I think of the Secretary of State who is in charge of the Great Seal of Canada who in a statement made not long ago said this: "We have been accused of suppressing the Canadian Coat of Arms and it really doesn't matter. We could put Schenley's Coat of Arms on government buildings and no one would know the difference. These symbols do not mean a thing in the twentieth century."

The Royal Canadian Mounted Police has now had removed from its buildings and from its vehicles the "R.C.M." and all that is left is "Police" with a Coat of Arms. Where are we going?

Under the Constitution, the British North America Act, a provision is made that the executive government in authority of and over Canada is hereby declared to continue and to be vested in the Queen. What about the documents being issued today under the plan of what I call administrative erosion? Up to 1969, the book that is used by all government authorities is "The Organization of the Government of Canada" these words appear:

"The executive power in Canada is vested in the Queen by the British North America Act." That is no longer there. It was changed last year. The Constitution says that the executive power is vested in the Queen. The new wording is as follows: "The executive power in Canada is exercised by the Cabinet and carried out in the name of the Governor-General who acts formally on the advice of the Privy Council".

Let me give you another example. In 1969 the Canadian Yearbook stated about the Governor-General, that the primary responsibility of the Governor-General is to provide the nation with a cabinet or ministry capable of conducting Her Majesty's government with the support of the House of Commons; and that is correct. In the latest issue that is just out – that has been removed and the new wording is "The primary responsibility of the Governor-General is to provide the nation with a government capable of carrying on".

Oh yes, Information Canada put out a booklet "How Canadians Govern Themselves". I bought one of those recently. I was interested to know this. On page three it says we are no longer a Dominion. The Constitution has not been changed; it says we are. The Statute of Westminster has not changed and it says we are. The Canadian Declaration of War in 1939 said we were a Dominion. There, in Information Canada, it is removed.

And the Royal Mail is no more. The uniforms of our

Armed Forces have been altered because they bore a similarity to British uniforms. Where are we going?

Now, if you are going to bring about the end of the Monarchy in Canada the people have the right to speak, not administrators. It can't be done without the consent of the House of Commons, the Senate and all of the Provinces of Canada, so instead of doing it directly it is being done indirectly.

Mr. President, in the last few days in the Speech from the Throne there was an interesting thing. A committee of both Houses said that there should be joint action on the two anthems, the Canadian national anthem, "Oh Canada", and the Royal anthem, "God Save the Queen". In the Speech from the Throne it says we are going to deal with "O Canada". Where are we going? Is it not about time that the people started to speak out?

I said I was not going to argue about the benefits of the Governor-General – but one whom all of us respect, Vincent Massey, once said "The Crown played some part, large or small, in everybody's life. The rights of the Monarchy are indestructible and provide the quality of give and take vital to the working of government".

Canada has always been a Monarchy, first under France and then under England and now under our Queen so the first thing I place before you is the situation regarding the Monarchy.

Then I come to the Constitution. The British North America Act is our Constitution with the exception of those things that are generally acceptable to the parliamentary form of government. I took strong stands on behalf of French Canada when I was a member of the bar. When it was unpopular to do so I fought a case in 1922 (and that is in the Law Reports) *Butain vs. Mackie*, where trustees were prosecuted for teaching too much French.

When I became Prime Minister I pointed out that to a great extent the constitutional rights of French Canada were being denied. We brought about simultaneous translation.

It was my recommendation that brought about the nomination of General Vanier as Governor-General of Canada. How strange things work. I was receiving an honorary degree from the University of Montreal at the hands of Cardinal Leger and I saw in the audience General Vanier and I asked him to see me. I had always been impressed with his record in war and peace.

I had realized that there was not a fair share of French Canadians in the higher brackets of the civil service and the foreign service and we changed that. – But, I have to tell you this (you may disagree with it) – I took the stand that the language provisions required a constitutional amendment. If they had to be changed – by constitution not by a statute of Parliament that is simply dreamed up when one has a majority in the House of Commons and a majority in the Senate to push it through. I voted against the bill because of that. I asked the Government to submit the question to the Supreme Court of Canada as to whether or not it required a constitutional amendment. The Government refused. The Minister of Justice told me "Well, if we are wrong anybody can challenge it in the courts". I said "That can't be done. You can't do it". Mr. Justice Thorson questioned it and it has been defeated because of the fact that a private person cannot challenge the Act, whether or not it is in effect.

I have taken stands that are not popular. Right here in Toronto how I was condemned over the Avro Arrow because I said the day of the bomber is over. It is a hard thing to say. The Avro Arrow could go two hundred and fifty miles out and then fly back. That will never defend Canada against intercontinental missiles. The day of the bomber is over. I took the same stand on the Bomarc because changes had taken place in the intervening years. I said we are not going to take nuclear weapons because if we do, if that family ever expands, the result will be all over the world some little nation will get nuclear weapons and then we will be into a world holocaust.

A leader has to take stands. It is not a popularity contest. Well, I know again there will be a disagreement on what I am going to say on the Victoria Charter. I opposed that. All across Canada the provincial governments accepted it except for the Premier of Quebec and I think Premier Bourassa was right although for different reasons than I would have given. I want you to look at that Charter. If it had come into effect it would have meant that the Bill of Rights would have been reduced to virtual inacuity. Second: They were going to have Supreme Court Judges appointed as a result of consultation with the provinces because apparently they felt that judges would come to conclusions on the basis of their geographical address. Third: Saskatchewan and Manitoba would be second-class provinces because we would have no right in connection with amendments to the Constitution because the provision is that the four western provinces be joined together if they have more than fifty per cent of the population of all four. We would never have that in my time and generation. And finally: The protection of education which the English language has in the Province of Quebec under the British North America Act would have been removed.

You may say it is all very well to say this but what would you have done? Well, with my colleagues on this platform we did have a plan. In February of 1963 invitations were sent out for a national conference. My government was defeated before the conference could be convened. What I had in mind was that the representatives would not sit for one day, one week or one month. They would not be sitting under the glare of TV lights because nobody can express his opinion. If everybody is looking in – you cannot change your view. You have to stand. The conference would meet, it would preserve the principles of Confederation, bring up to date those portions of the institution of the Constitution which are no longer applicable, and re-state Canada's goals. Everything else has failed now – And I come back to what was suggested in 1963 because I believe if we were to convene such a meeting representative of federal and provincial governments and also of great national organizations such as the Royal Canadian Legion, The Canadian Club, The St. Jean Baptiste Society, The Empire Club and the like, we would be able to come to an agreement that would place Canada free from the trammels of its present position, – to bring about for all of us, one Canada, one nation – no special status but equal status for all.

Finally: It would also state, as the Fathers of Confederation determined it should state, that no province once joining Confederation can of itself withdraw.

Now, internationally I am concerned about our position relative to the United States. Now, they said that I was anti-American. Oh I just saw the picture of the yacht. Have you ever seen some of the cartoons? Satan's liable to sue (laughter). They said I was wrong when I spoke to the President of the United States, when he said we are not going to sell wheat to Communist China. I said we are. He said "Where are you going to get the loaders?" He had blocked the only place we could get them from, an American subsidiary in Canada. I said "I want the loaders by tomorrow".

Go to the United States today if you want to find an attitude to Canada. No nation in all history has ever contributed more for people than has the United States since the Second World War. Blood and treasure all over the world. – But human nature being what it is, they don't get the credit for it and there is nothing more disturbing to an American than not to have public appreciation shown for what has been done.

I could understand our leaders speaking in Moscow saying we fear the United States economically. I can understand that. And how we fear the United States culturally, I can understand that. But, Mr. President, I cannot understand the next part of the statement that we fear them even militarily. That caused a feeling of resentment that goes all the way down among the people of the United States at this time – We don't have to cuddle up to the United States but we should realize that our freedom and the freedom all over the world of free men ultimately rests today on the United States.

About American investment in Canada. Well, I take the view as I always did that we welcome American investment. During my period of office, I was anti-American because I dared to say Canada must make clear that Canadian subsidiaries must observe Canadian law and should make their policies in Canada and in no other nation, however friendly.

We find ourselves today, in a position where across the line in the United States people ask "What do you want?" "What does Canada want?" "What have we failed to do?"

Mr. President, I want to see Canadians stand up as Canadians but that does not mean that we should be doing those things which cannot but activate feelings of antipathy and mistrust between our nation and the United States of America.

Now, I have just touched two or three problems. I have barely touched them. But I am deeply concerned, – I repeat, of where my country is going. I am deeply concerned when I hear the United States referred to as being an elephant in bed with us. While we fear the elephant, can we noodle up to a bear? Where are we going?

I would say a great deal more if I pulled out all the stops. I have no longer anything politically to gain. I have had everything that can be given to any person, but, Mr. President, my country and your country demands that we speak out or forever hold our peace. Wipe out the Monarchy either by erosion or by direct destruction. End Parliament as an institution for debate instead of it being a pawn in the hands of a powerful Cabinet. Let us raise our standards. Let us see the Canada that I dream – for I will never live to see it. I had that dream the President mentioned when I was a boy when I talked with Sir Wilfred. I am not going into that. You can read that in his biography – except that afternoon when they laid the cornerstone at the University he said "You have interesting newsboys here. I met one here this morning, John Diefenbaker. I bought a paper from him and I invited him to my car and we talked for thirty minutes and finally he said "Prime Minister, I can't waste any more time". I had work to do. (applause)

Mr. President, forty-six years later my car, as Prime Minister of Canada, was parked in the same place. Canada, your country and mine – where is that spirit of other days? What is happening to the hopes and aspirations of Canadians, the humblest of our people. – It becomes a personal challenge from your heart of hearts – are we going the direction you want us to go? Will Canada achieve the destiny it ought to? Whatever months or years I have ahead – will be devoted entirely to trying to speak for Canada to Canadians.

– Applause.

Mr. Diefenbaker was thanked on behalf of The Empire Club of Canada by Mr. J. A. William Whiteacre, M.M., C.D., Q.C.

EDITOR'S NOTE: As John Diefenbaker never followed a prepared text, much of his oratory which is considered to be among the most effective in Canadian political history, runs the risk of being lost to posterity.

The above transcription of a tape of his remarks is one of the relatively few verbatim accounts of a major address by the former Prime Minister given outside the House of Commons.

The subject matter of his address, the defence of the monarchy, the preservation of the rights of Parliament, even the humour, were all familiar to his audience, most of whom had heard Mr. Diefenbaker many times before. Nevertheless, the effectiveness of his oratory had not diminished and his remarks were greeted by a standing ovation by the largest audience to greet an Empire Club Speaker for many years.

MARCH 16, 1972

Drugs and Society: What Can a Public Enquiry Do?

AN ADDRESS BY Dr. Gerald LeDain, Q.C.,
CHAIRMAN OF THE COMMISSION OF ENQUIRY INTO THE NON-MEDICAL USE OF DRUGS

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

When the first volume of our guest's recommendations were released to the public, informed comment appeared to be unanimous in stating that Canada could become a world-leader in the treatment of drug abuse if the recommendations of the LeDain Commission were put into effect.

Perhaps the most remarkable achievement of the Report was that it spoke eloquently not only of those who have suffered from drug abuse, but spoke directly to the medical profession and those others responsible for treatment who have too often been afraid – or else not equipped to assume their major leadership role on this most important social issue.

Even the head of the Federal Government Directorate on Non-Medical Drug Use said that his first reaction to the Report was to make copies of the section on medical first-aid for drug abusers available and to send one to every doctor in Canada.

In measuring the impact of this most important Report, it is necessary to look at the man who more than anyone else is responsible for these recommendations.

Gerald LeDain was born and educated in Montreal and like so many other Canadians of his generation, interrupted his college studies at McGill, when still in his teens, to join the Canadian Army where he served with distinction in the Royal Canadian Artillery in France and in Germany.

Returning from the war, he graduated in Civil Law from McGill, winning the gold medal for standing first in his class and also winning several scholarships. He continued his studies, specializing in constitutional and administrative law, at the Université de Lyon in France where he received his Doctorate. Returning to Montreal, he began the practice of law. However, the pull of the academic world remained strong and twice he returned to McGill as a Professor, gaining an international reputation in his chosen field.

He also served as Counsel for the Attorney General of Quebec on constitutional cases and also as a constitutional advisor to the Federal Minister of Justice, an accomplishment which on the face of it, seems to demand dexterity of the highest order.

In 1967, he was appointed jointly by York University and the Law Society of Upper Canada as Dean of the Osgoode Hall Law School, a position which he has handled with intelligence and understanding.

Having gained an acknowledged reputation for clear perception and sober judgment, he was named in 1969 to be Chairman of the Commission of Enquiry Into the Non-Medical Use of Drugs. In his efforts to explore this problem – which is so important to our nation – yet so little understood by our leaders and our countrymen, I know I speak for all of us when I say that the contributions that he and his fellow Commissioners have made, and are continuing to make, may very well rank his report as one of the most important studies ever to be released by a government commission.

It gives me great pleasure therefore to present to you Dr. Gerald LeDain, Q.C., Chairman of the Commission of Enquiry into the Non-Medical Use of Drugs.

DR. GERALD LEDAIN:

My theme is the device of public inquiry in relation to an important value in our political system: public participation in the development of policy.

The essence of public inquiry is that it offers an opportunity for independent investigation and report upon a matter of public concern. A commission of inquiry appointed under Part I of the federal inquiries act is an independent body which, as a matter of formal relation, is on an equal footing with the other institutions of government. Its power and authority flow from the Crown just as all government power originally did. Of course, it does not have security of tenure; the government can always put an end to it by Order in Council. In practice it is allowed to peter out. What I mean by its independence is that once appointed it is not subject to anyone's direction or supervision. It is not under any degree of ministerial control. It is not necessary for it to be subject to political influence or pressure. Naturally, in the end of the day, its independence is what it makes of it. The true extent of its independence in practice will depend very much on the personalities of its members. The relationship of a commission of inquiry to the executive may be contrasted with that of a departmental committee. The latter is, in theory at least, part of the organization of a governmental department under the control of a minister. In practice the manner in which they go about their business may not be so different, but the departmental committee, in appearance at least, enjoys less independence than the commission of inquiry, and this may have an important bearing on the manner in which the Minister and the Committee conceive their relationship. I should say that the government has shown scrupulous respect for our independence.

To whom then is a commission of inquiry accountable? It must develop some sense of its ultimate responsibility. The order in council appointing it requires it to report to the government or to a designated minister. Ultimately, I believe it is accountable to the public. It is almost invariably appointed because of a matter of public concern. Its function is to inform the public through its report to the government. At least this is my conception of its role. It is true that it has been asked to investigate certain questions and to make certain recommendations to the government, but implied in the government's decision to have a public inquiry is, I think, a desire to bring a problem under a closer and more informed public examination than is possible through the parliamentary process. In some ways, it is a specialized extension of the parliamentary process. It is to do something which Parliament cannot do for itself – that is, conduct a fairly detailed examination of an issue in public.

It is a nice question whether a government, which is not forced to do so by parliamentary or public pressure, should invite a non-elected body to express a public opinion on legislative policy. There are certain dangers involved. For one thing, it may surrender some of its policy initiative, in particular, its initiative to identify the issues and to create public expectations and shape public opinion as to what is a reasonable legislative approach. It may also lose some of its control over timing.

For the modern man of Parliament this control over policy initiative is a crucial issue. The function of parliament is to order the political priorities for the nation. It is supposed to do so by maintaining close contact with the electorate and being responsive to its outlook. It is out of this close understanding that the politician shapes his sense of what is called for politically. But the impact of the media today is so great that they can usurp the power to select the issues and to determine priorities and timing. The media create their own forum, their own constituencies and they convey to the politician what they think the country wants.

They shape the public opinion that calls for the things they espouse. In these circumstances, the politician tends to react to the media rather than selecting the issues in the order, shape and timing that he thinks appropriate. Perhaps I am attaching too much importance to the media, but it does seem to me that that is where the national debate is increasingly taking place these days. It is publicity that undermines the control of policy initiative. The media represent the power of publicity and they are the virtual guarantors today that nothing can be kept secret for long.

Thus the decision to institute a public inquiry to recommend policy is a decision to surrender some measure of policy initiative. Why should a government do this? The reasons for establishing a public inquiry on an issue of legislative policy will vary but generally I believe it is for the purpose of developing public awareness and understanding of a complex problem and allowing time for the development and identification of public attitudes. The bilingual issue was such a one, and so, I think, is the drug issue. There have, of course, been public inquiries into narrower issues – in which the government sought a broad basis of consultation and study for policy consideration – but these two are complex social problems which reveal the utility and the limits of public inquiry in the field of social policy. The objects of public inquiry vary so much that it is difficult to generalize about the technique, but I think it is particularly interesting to consider it in relation to the question of social change.

What can public inquiry hope to do in relation to a complex social problem? The function of the Commission is threefold: to identify the issues, to ascertain the facts, and to come to policy conclusions. In many ways its most important task has been to try to identify the issues and place them in their proper relationship and perspective. After all, it is that which creates the essential framework for research analysis and debate. The Commission is related to a political process, but it is also related to a social process. It has certain things to say to government but it also has an effect on perceptions, attitudes and behaviour. Its general way of looking at things is as important as its specific recommendations. It is the general approach towards a social problem which determines the way in which a society responds to it. It is that which is the strong undertow of social policy. There is much more than law and governmental action involved in the social response to a problem. The attitudes and responses of individuals at the various places at which they can affect the problem are of profound importance.

What gives an inquiry of this kind its social function is that it becomes, whether it likes it or not, part of this ongoing social process. There is action and interaction. You realize that you are having an effect upon perceptions and attitudes – on the general way of looking at the problem and on behaviour – and, indeed, you come to feel as responsible, if not more responsible, for this effect than for your specific recommendations to government. A new way of looking at taxation may create a demand for, or exception of, reform – indeed, may increase dissatisfaction with the existing system – but it is not going to change the way people pay their taxes under the existing law. A new view of a particular drug may change behaviour and so may a new view of the way in which individuals and institutions should respond. Thus this instrument, which is supposed to be an extension of parliament, can have a dimension which passes beyond the political process into the social process. The phenomenon is changing while the inquiry is in progress. In our case the phenomenon is a very rapidly changing one. It is very difficult to take the measure of it at a particular time. It will not stand still, like an abstract problem of legal logic. It is the need to keep monitoring the social phenomenon that makes the task so complex and so elusive.

In many ways public inquiry can make its most useful contribution in identifying the issues and the essential nature of the decisions to be made and in establishing the framework for analysis. This is the process in which the public can become involved. This was the purpose that led us to conduct our public hearings. I think it is here that public inquiry can respond to the need for some extension of the regular electoral process on the social level – a process in which the public can contribute to identification and discussion of the issues.

It was to help us to identify the issues, to develop a feel for the range of attitudes, and above all to develop a sense of social feasibility – of what the society was capable of doing – that we set out on our public hearings. We conducted 46 days of hearings in 27 cities. We visited 23 universities. And we are estimated to have travelled 50,000 miles.

Some people have wondered what we expected to receive from these hearings. We did not expect to ascertain the weight of opinion in Canada, but we did expect to hear, and we believe we heard, the range of opinion in Canada. We had the stimulation of direct contact with the kinds of people most deeply involved with the problem. Those hearings made a deep impression upon us. They brought home to us in a way that no amount of library study could do, the seriousness of the problems. People poured out their deepest feelings. We tried to maintain as much freedom as possible for discussion from the floor. There were many moving occasions. I particularly recall exchanges between young people and adults on the floor – when they were obviously exchanging their points of view for the first time – appealing to one another's understanding. On many occasions there was evidence of a tremendous effort to comprehend and seek reconciliation.

One of the things we discovered in those hearings is that we need public opportunities for the exchange of views on vital issues. The hearings provided a public occasion for people to say things to each other that they had obviously never said before. Needless to say, not everyone was pleased with the results. Some objected very strongly to the method, particularly inviting people to speak from the floor after the formal submissions. In some cases there occurred a completely unplanned and unforeseen result, but one for which we were held responsible. Some institution would be subjected to strong criticism and some skeletons might even rattle. I have a small file of some very choice letters complaining about these episodes, attributing them, no doubt with some reason, to the informal manner in which we conducted our hearings. (As you can imagine, the language is a good deal stronger than that.) But on the whole I think the results were constructive. People in the communities we visited made their views better known to each other. We received a lot of valuable information and suggestions. And young people were heard and had an opportunity to examine leading citizens upon their opinions. We discussed everything, down to the most fundamental values of life, because that is where this inquiry has taken us. We were talking about what it means to be a human being today. People talked freely about spiritual matters. The hearings gave people a chance to see what we thought the issues were – what we thought it was important to learn. The first round of hearings contributed to the perspective of our Interim Report and we went out on a second round to obtain reaction to it. This concluded what may be called the first phase of the Commission's work. We look back on this phase with some nostalgia. As commissioners we felt in close contact with the thinking and feelings of people.

Our terms of reference have given us very full scope for identification of the issues. For this the people who drew them up are to be commended. They are remarkably free of any prejudgment. They ask us to report on effects, extent of use and motivation and to make recommendations to reduce the problems involved in non-medical drug use. They do not attempt to suggest what kinds of problems they have in mind. They do not express any assumptions as to the direction which solutions should take.

Nowhere in our terms of reference is there express reference to law, education, treatment and the other means of social response. We have taken the view that an examination of them is necessarily implied in the requirement to make recommendations as to what the federal government can do alone or with other levels of government to reduce the problems involved in non-medical drug use. To determine what governments can do we must have a sense of what society as a whole can do. It is from this perspective that we have seen our task as the pursuit of a wise social policy. Law is only one of the means by which society can respond to this phenomenon, and if we are to see it in proper perspective, with its possibilities and limitations, we must see it in relationship to all the other factors which have an influence on the phenomenon. Thus we have seen it as our function to make a commentary on the general response of the society to the phenomenon. This has of course taken us very far afield. In effect we are inevitably addressing ourselves to the people of Canada and not just the government, and this has shaped our sense of our task and our approach to communication. For in the end of the day it is the capacity of the society as a whole to deal constructively with this phenomenon that we must consider. Government has important interventions to make, but the daily response of the people is also of fundamental importance.

There is no doubt that it was a wise decision to ask us to look at the full range of drugs. It has made the task enormously difficult, but it is the only way of looking at the problem that makes sense. We have to look at any one kind of non-medical drug use in the total context of drug use. Some people have complained that we should not have spent time looking at such drugs as alcohol, the barbiturates and tranquillizers – that these were not the drugs which led to our appointment. Obviously, they were not but they are an essential part of the context in which the other kinds of drug use have sprung up. Not only that, but the dominant characteristic of drug use today is that it is multiple drug use. The more we have looked at this problem the more we have been convinced of the importance of seeing the non-medical use of drugs as a whole. For example, it is impossible to deal with cannabis without reference to alcohol; impossible to deal with heroin without reference to the intravenous use of amphetamines. It has been one of the chief objectives of our commission to keep this broad picture in view. I hope that a wider understanding of what we mean by drugs and of the actual extent of non-medical drug use in society may have resulted in part from this emphasis. Many others, and notably the Addiction Research Foundation, have laid stress on this perspective. This is not a matter of making young people feel better by drawing attention to the extent of adult drug use. It is a matter of developing a realistic view of the extent and scope of non-medical drug use in society. Without this sense of things we can easily develop unrealistic assumptions as to the relative importance of certain kinds of drug use, as well as the influences which account for them.

The second function – fact finding – is more difficult for a commission of inquiry, particularly with a complex social problem, involving multi-disciplinary study. In many ways, however, it is seen to be the most important function, and indeed some might say that it should be its only function. Some might say that the issues should be identified by government and the conclusions should be left to the political process, and that the inquiry should be asked to make findings of fact on very specific issues. They might add that there is no special value to the opinion of five or more people chosen somewhat at random for reasons which are not always too clear. But I believe that the ability to identify the issues and place the problem in general perspective and the requirement to express conclusions is an essential part of the process of exposing to public view the nature of the decisions which have to be made. For there is no denying that in the end of the day the decisions have to be made by the public.

There is an inevitable tension between the pressure for results and the time required to conduct good research and properly analyse the results. The situation is complicated by the need of the Commissioners to maintain control over policy. It is impossible to draw a sharp line of demarcation between the research process and the policy formulation process. The one is always intruding on the other. In my limited experience, the only way the Commissioners can maintain their control over policy is to be prepared to work sufficiently hard to remain close to the material and to assume a substantial responsibility for the actual drafting of the report. There are, of course, dangers in insufficient delegation, but the dangers of over-delegation are also very great.

There is absolutely no foundation whatever to the suggestion that our report on cannabis has been delayed for political reasons. Does anyone seriously think that with the lives of thousands of young people involved, we would deliberately delay our conclusions for political reasons? The reason for the time that we have taken is that we have been doing our best to get our minds around an extremely complex problem on which important data has only come in within recent months, and some of it within recent weeks. The pace of research has accelerated enormously since we published our Interim Report in June 1970. There has been more significant research on cannabis within the last year or two than within the previous thirty years. And the quality of the research methodology has been much superior. As anyone working in this field knows, the responsibility for the impression which you convey concerning the results of research is very great indeed. It can have a very important impact on attitudes and behaviour, and on the perception of the issues concerning social policy. It is vital to try to make as sound an evaluation as possible. It would be impossible to go to press on cannabis without giving careful consideration to this recent research, including the preliminary and tentative findings of the important research being conducted by the Addiction Research Foundation. We also had to complete the analysis of our own experiments which we conducted last summer into the effects on cannabis on humans. Anyone who works in this field knows how long it takes to make a proper analysis of such experiments.

We did make a decision to conduct these experiments rather late. There were particular reasons for this. Our terms of reference require us to "report on the current state of medical knowledge" concerning the drugs. The reasonable implication of this is that we are to make a review of the scientific literature. This we have done. But in the Interim Report we identified certain issues on which we hoped to obtain further clarification before our final report – in particular, the effect of cannabis on cognitive functions and psychomotor abilities, including the effect on skills used in driving. We had hoped to obtain this information from other sources as a result of research that was currently in progress. But early in 1971 it appeared that we were not going to be able to obtain these research results from other sources, and that we had better conduct some experiments of our own. We conducted four experiments into the acute effect of cannabis on humans. In two of these experiments we studied the effects of cannabis and alcohol on driving skills and other psychomotor abilities. In one experiment we compared the effects of synthetic delta-9 THC and natural marijuana to throw further light on the active constituents of marijuana in humans. In another experiment we looked for effects on attention and vigilance and recovery from bright glare. These are, of course, very relevant issues with respect to driving. The essential findings of these experiments will be published in our forthcoming report on cannabis, and a more detailed report of them will be published later in a separate study.

I come now to the limitations of research and the contribution which science can make – at least at this time – to the essential elements of decision in this field. If we think in terms of certainties, probabilities and possibilities, there are few certainties on the essential issues and most of what we have to deal with are probabilities or possibilities. Some of the most important questions are beyond truly scientific verification. For example, what would be the effect on attitudes and behaviour of a certain change in the law? All that we can work with are reasonable assumptions. In the case of drug effects, all that we have on some of the most important issues are hypotheses which it may take several years to verify. And even if we find single observations to be valid, we must still determine their statistical significance. For example, we hear of certain clinical observations of the effects of a certain drug. A doctor has seen such-and-such an effect in his patients which he attributes to a certain kind of drug use. First, it is necessary to review the observations and reasoning by which he has come to the conclusion that there is a relationship of cause and effect. Then, assuming that there is a plausible case for causality, the next question is what is the statistical significance of the occurrence? It may be something that will occur infrequently in a very small proportion of the population. Of course, the key question is to determine the class in which it is likely to occur and the conditions under which it is likely to occur in that class. Now the layman may say, "The very fact that this can occur at all is enough for me. Who cares how often it may happen? It could happen to anyone." But is this enough on which to base public policy? Are we not obliged to form some idea of the potential size of the problems we are dealing with? At the same time, what do you do while you are waiting for the results to come in? This is one of the most difficult questions facing the Commission.

Another problem in the realm of effects is the relationship between laboratory experiments and real life. For example, what is the relationship of driving tests under controlled laboratory conditions to conditions on the road? What is the relationship of productivity tests in a laboratory setting to conditions in the work-a-day world? Again, we have hypotheses which can only be fully tested in the long run by human experience in the laboratory of life.

As for extent of use, some kinds of drug use lend themselves to estimation by surveys, but the time involved to collect the data, analyse it and write it up usually means that it is somewhat dated by the time it is ready for release. We are inevitably running behind the phenomenon. Some kinds of drug use do not lend themselves to measurement by surveys because they are concentrated in pockets that cannot easily be reached by survey techniques. This is true of heroin and the intravenous use of speed. We have to use cruder techniques to try to take the measure of these kinds of drug use.

In the end, the decisions in this field are very complex moral decisions based on a number of imponderables and competing values, and in many cases they involve a choice of the lesser of evils. There are few easy choices. There is no way that this kind of decision can be passed over to experts. In the end, they will have to be handed back to you. We trust that some illumination will have been thrown on the issues by the work that has been done.

Dr. LeDain was thanked on behalf of the Empire Club of Canada by Mr. Harold V. Cranfield, M.D., F.R.C.P.(C).

EDITOR'S NOTE: The increasing use of drugs, particularly among young people, was becoming a major social problem throughout North America. In 1969 the Federal Government appointed Dr. Gerald LeDain to head a Commission of Enquiry into the non-medical use of drugs. For over two years, the Commission had conducted exhaustive hearings in all parts of Canada and their research represented the most detailed work that was available on this highly controversial subject. At the time of Dr. LeDain's address to the Empire Club, the public was anxiously awaiting a controversial volume of the Report dealing with the cannabis derivatives, marijuana and hashish.

Two months later (June 1972) a Report of the majority of the LeDain Commission members (three out of five) *suggested that they were far from being satisfied that cannabis derivatives were harmless, but concluded that pot and hash were so much a part of Canadian life (1,500,000 users in 1971, according to LeDain) that complete prohibition was unworkable.*

The majority recommended therefore that it be legal to grow and possess cannabis for personal use, but continue to apply criminal sanctions against its commercial distribution. The police were still to be free to confiscate any pot or hash they found, in effect putting the onus on the possessor to prove that they did not intend to traffic.

On July 31, 1972, Federal Health Minister, John Munro, issued a statement outlining the Government response to the LeDain recommendations. Mr. Munro said the Commission recommendations were "inconsistent" and that "the Government had no intention of legalizing the possession of cannabis in any form". However, in recognition of its widespread use, the Minister announced that the penalties for possession were to be so reduced that many observers felt that the Government was really acquiescing to a situation which for political reasons could not yet be declared legal.

Although the basic question of legality may not yet be settled observers are unanimous in believing that Dr. LeDain's public enquiry has done much to increase our awareness of all aspects of this most difficult problem.

MARCH 23, 1972

An International Response to the Human Environment

AN ADDRESS BY Maurice F. Strong, LL.D.,
SECRETARY-GENERAL OF THE UNITED NATIONAL CONFERENCE ON THE HUMAN ENVIRONMENT, AND UNDER SECRETARY-GENERAL OF THE UNITED NATIONS ORGANIZATION

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Our guest today is Mr. Maurice F. Strong, Secretary-General of the United Nations Conference on the Human Environment. Although he has yet to reach his 43rd birthday, his life reads like an adventure story. He has experienced and been successful in so many varied careers that one hardly knows where to begin.

Maurice Strong was born in a small town – Oak Lake, Manitoba, where he attended the local public and high schools. At the age of thirteen, he left home to stow away on a Great Lakes steamer. When discovered, he persuaded the Captain to keep him on as part of the crew – and Maurice Strong started his career as an environmental expert in the ship's kitchens with specific responsibility for pots and pans.

At the age of fifteen, he joined the Merchant Marine, making several Pacific voyages before moving to Canada's East Arctic as an apprentice fur trader for the Hudson's

Bay Company. During his two years in the region, he lived among the Eskimos, learned their language and collected rock samples. When Mr. Strong was seventeen, these samples enabled him to participate in the formation of a successful mineral exploration company. Having experienced his first blush of business success, he retired for the first time. He was then in his early twenties. He got married and decided to take a two-year trip around the world. However, a two-year holiday proved to be too much for our energetic guest and by the time he reached East Africa, he went into business for himself, opening a number of service stations for an oil company and developed a graphite mine in Tanganyika.

Upon his return to Canada, Mr. Strong entered the business world and held a series of positions with companies in the fields of finance and natural resources development, including the presidency of an oil and gas company which he founded in 1957 at the age of twenty-eight. In 1962, while still in his early thirties, his business acumen had become so universally recognized in Canada that he was invited to become the Executive Vice-President and then, two years later, President of the Power Corporation ol Canada which, at that time, was Canada's largest financial and industrial conglomerate.

However, like many business men who succeed so well and so early, Maurice Strong felt that he had a still greater world to serve – reflecting his belief that the responsibility of those who succeed in our free enterprise system must be broad enough to include personal commitment of a high order to the community at large. Mr. Strong left private industry in October, 1966 at the invitation of Prime Minister Lester B. Pearson, to become Director-General of the Canadian External Aid Office, with the rank of Deputy Minister. At the same time, he resigned all his business positions. When the role of the Aid Office was enlarged and was re-designated the Canadian International Development Agency, Mr. Strong was named President of the Canadian

International Development Board. During this period, he also served as a Governor of The International Bank for Reconstruction and Development, The Asian Development Bank, The Caribbean Development Bank, and had principal responsibility for Canada's participation in the United Nations Development Programme. On a number of occasions, he headed Canadian delegations to important international meetings.

In November, 1970, Mr. Strong was seconded from his positions with the Canadian Government and accepted the appointment of Secretary-General of the United Nations Conference on the Human Environment. He was also made responsible for environmental affairs within the United Nations Secretariat with the rank of Under-Secretary-General.

Very few men have had such a varied and successful experience in as many fields as our guest today. He represents the finest traditions of both Canadian business and of our public service – I have therefore the great pleasure of introducing to you – Mr. Maurice Strong, LL.D., Secretary-General of the United Nations Conference on the Human Environment.

MR. MAURICE STRONG:

I am grateful for the opportunity you have given me to be here today among friends old and new. It is both refreshing and enjoyable to come home even for so brief a visit.

As you know, I have been engaged for the past sixteen months in helping to prepare for the United Nations Conference on the Human Environment, which will be held in Stockholm, Sweden, from June 5th to 16th this year. The preparations for Stockholm are now reaching their final stage, and most recently we have been conducting an intensive review of the vast amount of knowledge and insights that have come to us from governments, from international agencies, particularly the United Nations system, and from a wide variety of non-governmental sources, including the world's scientific and industrial communities.

In the light of this, I would like to review with you the principal issues which the Conference will deal with, the present stage of our preparatory work, and the results we expect – and hope – to achieve.

This Conference comes at one of those seminal points in human history in which man is confronted both with new dangers and new opportunities – and I am convinced that both the dangers and the opportunities are totally without precedent in the human experience. Certainly, the present period of ferment, frustration and uncertainty points up the paradox in which modern man finds himself. His mastery of science has enabled him to reach out into space but has left him uncertain of his direction on earth. New technology has brought him to the threshold of universal plenty and promise, but the gates remain shut to the greater part of the family of man.

From the first fire that relieved the darkness of his cave, to the light of the television camera showing him the dark side of the moon, man's forward strides have picked up speed with staggering acceleration in the past two hundred years, particularly the last twenty-five. They have carried him headlong to his present predicament – a point at which the power, depth and extent of his interventions in the natural order are now the principal determinants of his future.

There are great gaps in our knowledge about the global ecosystem and its sub-systems. There is much we do not understand about the complex interactions between the natural order and the manifold activities of man.

But we are now beginning to understand the fundamental nature of the global environmental problems. Man's efforts over the ages to wrest a safer and more comfortable life from the resources of nature often have damaged his natural inheritance. The Gobi Desert – the sterile sand and rock of what was once the Fertile Crescent and the dustbowls of more recent years are testimony enough for this point. But such interventions, though they were certainly tragic in local terms, did not seriously threaten the entire global system. Indeed, nature was able to absorb local shocks and redress or repair the global balance of natural forces. Men were too few and their interventions too mild to endanger the life support system itself; and so man benefitted, and of late benefitted immensely, from his exploitations of natural resources and his uses of the common facilities of the natural system.

It is precisely this relationship which has changed with startling speed and effect in the very recent past. The scale of the present human population, the scale of its interventions in the natural system, and the scale of the impact of those interventions on that system have grown at such a geometric rate that the historical man/nature relationship has been turned on its head. Instead of balance we have imbalances. Instead of order of things, we have things out of kilter. For most of human history the principal threats to man came from nature. Today, the principal threats to both man and nature come from man himself. As Pogo says, "We have seen the enemy and he is us".

We do not know just where the limits are but we know that there are limits. There is growing evidence that unrestrained, undirected, unrelated and mindless intervention on this rapidly expanding scale can only bring disaster. It would be unrealistic to ignore the dire prediction of the "doomsdayer" as to assume that they were inevitable. But, I believe from all the evidence which has come to us from the world's scientific community that the choices we make in this generation will largely determine the face of the human species on this planet.

And since this is the nature and the essence of the problem, we know that in theory there are only two responses. Either we reduce the scale of our unplanned, unco-ordinated interventions in the natural system or we manage them in a way that their cumulative impact is tolerable, indeed beneficial, for men and societies. In practice, of course, there is but one choice: rational management on a global scale.

This being the case, it is evident that to equate the environmental issue solely with the problem of pollution is to fail to understand the nature of the predicament. At the heart of the environmental issue is the basic question of how we are to manage the world's first technological civilization – how we apply the knowledge that science and technology make available to us and the values which endow our lives with meaning and purpose to the decisions which will determine man's future.

It is evident that environmental management is going to require wholly new levels of co-operative behaviour, new institutional arrangements involving both governmental and non-governmental organizations, and at bottom, new attitudes and ways of looking at things and valuing things. And none of us can escape this imperative any more than can our political leaders and governments.

All of these issues and concerns which are now receiving such widespread attention were only beginning to be apparent back in 1968 when the United Nations General Assembly decided to hold the Conference on the Human Environment in Stockholm in the summer of 1972. The stated objectives were to focus the attention of governments and public opinion on the importance and urgency of the problem of the human environment, and to provide guidelines for action by governments and international organizations to deal with what is intrinsically a global problem.

For the natural environment on which the life of all mankind depends is a unitary system which embraces the entire planet in which the health of any part of the system can affect the whole. Thus even the most local of action must be seen in its relationship with the total system. For example 90 million metric tons of petroleum-based pollutants enter the atmosphere each year as the vaporized by-products of the internal combustion engine – particularly the automobile – and most of this ends up in the ocean. By comparison I might mention that the estimated total of all petroleum pollutants that reach the ocean from direct inputs such as oil spills is only 2.1 million metric tons. Thus the same automobiles that create problems of local air pollutions constitute one of the principal threats to the health of the oceans and to changes in the atmosphere which create risks of significant climatic shifts.

But the Stockholm Conference's principal goal will not be limited to defensive strategies for ecological survival. It will deal as well with the prospects for enhancing the *quality* of the human environment – for beginning the search for conditions in which man can live in a harmoniously dynamic relationship to the natural systems on which all life depends. It is to this end that after two years of intensive preparation, an Action Plan for the Human Environment has been proposed to the Conference to serve as the international community's first concerted attack on major environmental concerns. I have already described the vast effort that we made to obtain the best information and advice available to us, and I would just note that, added together, it came to a total of 12,000 pages of information and recommendations. It is on this that the Action Plan being placed before governments at Stockholm is based.

The Conference will be held in June, but in a very large sense the action process which it must launch has already begun:

- 115 Governments have been actively involved in the preparation of the Action Plan;
- 77 of these Governments have presented national reports, most constituting their first surveys ever of their own environmental concern;
- most of these same Governments have established some form of governmental machinery to begin to deal with environmental problems;
- Governments are at an advanced stage of negotiation

> of several conventions to deal with such specific international problems as dumping of toxic wastes into the oceans, the conservation of cultural and natural sites forming part of man's global heritage, and the preservation of wetlands and islands for science.

But even though these results would justify the hopes and expectations of those who decided at the 1968 General Assembly to convene the Conference, the Conference itself can now be expected to produce much more.

First, a new sense of direction for mankind based on the reality that the physical interdependence of man with the natural systems on which his life and well-being depend requires new dimensions of economic and social interdependence and new standards of international behaviour and responsibility. This will be manifest in the Declaration on the Human Environment, a draft of which is now ready for consideration at the Conference. It constitutes the first attempt by the nations of the world to agree on the new principles of international behaviour and responsibility on which effective management of the global environment must be based. A vital element in this is the principle that nations accept responsibility for the effect of their activities on the environment of others or the common environment of oceans and atmosphere beyond national jurisdiction.

Second, the Action Plan which has now been delivered to governments provides a blueprint for the launching of a concerted international attack on the specific problems of preserving and enhancing the human environment, now and for future generations. It incorporates recommendations for establishment of a co-operative approach on "Earthwatch" network – a co-operative approach to the assessment of important problems and opportunities designed to place in the hands of decision-makers – and the public – the best knowledge that science and technology can make available about the consequences of their decisions. It includes specific measures in the area of "environmental management" to provide international co-ordination and support for national action in the establishment of a wide range of environmental criteria and standards, and negotiation of essential international agreements. It also includes a series of supporting measures in such important areas as public education, training, technical and financial assistance. These recommended actions are at various stages of their evolution, but together they constitute crucial first steps towards the larger goals of environmental action.

Third, to meet these goals and assure that these first steps are implemented and followed up, the means must be provided for the continuance and acceleration of the action process after Stockholm. Thus the Conference will have before it proposals to create new environmental machinery within the United Nations to give common direction and leadership to the environmental activities being carried on throughout the international community and, in particular, the United Nations system, and a special fund to help finance these activities.

A few of the action proposals being considered will indicate their scope and variety:

- a comprehensive plan for the preservation of the marine environment;
- a series of measures to deal with the serious problem of soil degradation which affect so many parts of the world;
- the setting up of an international program to preserve species of plants which are vital to man's welfare and are threatened with extinction;
- the establishment of 100 stations to monitor air pollution around the world;
- a UN advance warning system against harmful man-made pollutants;
- a 10-year moratorium on commercial whaling.

This list is, of course, incomplete and merely illustrative of the kinds of proposals that will be before the governments of the world at Stockholm. Most environmental action must be taken nationally, and the international role will be to provide the complementary and supporting services required to enable national programs to be fully effective. But I would emphasize here that there is a special need for international action to deal with that 70 per cent of the earth's biosphere that lies outside the jurisdiction of any nation – the oceans and the atmosphere above them. For at this juncture in human history, can we overlook the concept of a planet held in trust for future generations? Can we turn away from an affirmation of the inescapable physical unity and interdependence of the biosphere, and the need for all the world's people to co-operate in preserving it, sharing it, and serving it as the heritage of the whole human family? The answer we give to this question will indicate if, in fact, man the social manager, the social realist, is to exert his influence – his constructive and creative influence – over the scope and scale of his future impact on the natural environment.

For if destructive imbalances are to be avoided, indispensable factors will be:

- the speed with which industrial man rethinks his priorities;
- the extent to which he looks beyond the immediate to the future;
- the extent to which he can bring to bear the innovative and organizational genius which produced his industrial success on the problems of managing the complex system of relationships which determine the health and viability of our total society.

Within this system, causes and effects are often separated by dimensions of space and time which transcend the existing political, sectoral and institutional boundaries. Thus, activities undertaken by some people for their own benefit can have indirect effects on them as well as on others often far removed from the source of the activity who participated neither in its benefit, nor in the decision which gave rise to it. The net result is that man is more truly interdependent today than ever before in his history, and that interdependence, again, is global in scale.

The most serious imbalance that has been created is that which exists between the conditions under which the majority of the world's population lives in the less developed nations and the conditions under which the minority lives in the more highly industrialized, affluent nations where man's mastery of science and technology has concentrated such unprecedented levels of wealth. The same science and technology also offer the means to bring about vastly improved conditions of life for all people, but this can only happen through a more equitable sharing of the world's resources and opportunities than now exists. It will also require a large-scale extension into international life of the principles and practices of social and economic justice and equity that form the basis for the relationships amongst people within nations.

But the new dimensions of co-operative behaviour needed to achieve this require changes in attitudes and values based on a much wider understanding by people, particularly in the industrialized countries, of the basic nature of global environmental interdependence and what it requires of them.

Indeed, it is rapidly becoming a truism that human progress can no longer be equated merely with economic growth, spiraling economic indices of railroad carloadings, steel production, automobile assembly lines. All these, vital as they are, are not the measure of the quality of life. Unless more basic human needs are fulfilled, no amount of steel produced and, for that matter, no amount of goods traded will create an enduring social fabric.

This is not to assert that economic growth and environment are on a general collision course, as some people today seem to believe. It is not the world of nature versus GNP; it is a reconciliation between the needs for material progress and our fundamental social goals, between short-term advantages for some and the long-term interest of all men and nations.

The industrialized countries are not the only ones which face these difficult choices. In many ways, the developing countries face environmental problems that are even more severe and immediate than anything found in our technologically advanced, wealthy societies. For they already have many environmental problems – without the benefits that come from industrialization and without the means for a major attack on those problems.

It should surprise no one that nations just beginning the industrialization process are not at all reluctant to accept a bit of factory smoke, industrial effluents and automobile exhaust if it will bring them the jobs and the material goods they so desperately need to build better lives for their people. After all, is that not what the industrialized countries did at the same stage of their development and what most still do when faced with this choice?

But any assumption that environmental concerns can be set aside until a later stage of development is a particularly dangerous one. Cleaning up after rivers, lakes and estuaries have become polluted, water supplies contaminated, agricultural and forest desecrated, marine and animal life depleted, and cities hopelessly congested and decayed will often not be possible and in any case will cost far more than developing countries could possibly afford. For them the only practical answer is prevention. This fact has now been recognized by most of the governments involved, and they are well aware of the inevitable relationship that now binds their development and environment together in one inseparable mix.

This recognition, however, does not lessen the potential for conflict between environmental control and development unless the industrialized nations allay the fears of the developing countries that their development programs will be set back and that their products will be discriminated against through trade restrictions imposed in the name of environmental protection. These issues are very real and they deserve careful study by all nations, especially the major trading nations, the principal donors of aid.

The environment issue will be disruptive in many areas. We are just beginning to see the major shifts in comparative advantage that nations and industries will have to accommodate. In Japan recently I heard from Japanese business leaders of plans they are making to develop new industries that are high energy using, pollution intensive and labour intensive in other countries which still have underutilized environmental capacity. Oil industry leaders tell me that at least five new major refineries are needed on the U.S. east coast but that not one will be built; mining executives tell me that it is becoming virtually impossible to conceive of locating smelters in many parts of the industrialized countries. All these illustrate that the environment is providing a major impetus to effecting a broader distribution of industrial capacity – both within nations and to an important degree internationally.

But whether in the industrialized world or in nations now developing their industries, the key question is what will environmental management cost and where will the money come from? Possible answers here suggest other questions. In international life, as in national life, should not the operative principle be that "the polluter pays?" Is it not after all, a basic tenet of the free-enterprise philosophy that costs should fall on those who create them – and who reap the benefits? And could it not also be said that the most industrialized nations, moreover, have special responsibilities to abate and control global environmental degradation for the sake of their own people and for all mankind? That has it not been their activities that have given rise to most of the global environmental problems, and do they not have most of the resources required to deal with them?

I suggest no easy answers. I do suggest, though, that answers are essential, and that, perhaps, we have not given sufficient thought to them. And part of the reason is that up to now there has been a misunderstanding of the phrase "human environment" as well as a tendency to narrow its use to pollution and difficulties in societies of high technology, or to the effect of their activities upon areas of unspoilt nature.

However, the concept of the environment upon which the approach of the United Nations Conference is based is a much broader one. It includes the use man makes of his resources. It takes account of the concentration of wealth that his past uses have created. It covers the needs of peoples in developing lands whose environment is among the worst ever experienced in organized societies. It accepts development as a primary need for all stages, in wealthier lands through forms of activity less demanding and less polluting in their impact, in poorer states through kinds of industrialization which, with needed financial and technical assistance, draw on all the new non-polluting technologies and all the new concepts of rural-urban balance which may permit growth in a less damaging fashion than has been too often the case in the past.

The United Nations Conference on the Human Environment therefore has a profound significance and serious responsibility in the search for man's new environmental perspective. And the real test of Stockholm will be the extent to which it points up to the world the new direction man must take in this search if he is to avoid the risks and realize the benefits which his command of science and technology now makes possible – the concrete first steps it enables him to take in this new direction, and the political vehicle it provides to facilitate the rest of the long journey on which the Conference will launch us.

It will not be an easy task. The environment issue is moving out of the "motherhood" stage to the point where it is now being seen as one of the most pervasive, profound and revolutionary issues that man has ever faced. I have mentioned but a few of the fundamental issues it requires us to face:

- the possible limitations to growth;
- the purposes of growth;
- the control of technology, the utilization of the world's resources and distribution of its opportunities;
- the need for new attitudes and values, a redirection of man's scientific and technological drives;
- a more balanced distribution of the world's industrial capacity, the widest possible dissemination of new environmentally sound technologies and changes in the organizations and institutions of society;
- and the compelling new imperative the environmental problems provides to the priority task of accelerating the development of the majority of mankind whose principal environmental concerns derive from their very poverty and underdevelopment.

The Action Plan being proposed to the Conference does not provide final solutions. But it does offer important "first steps" – first steps that only Stockholm can make possible on the long march to the kind of world order which the environmental crisis makes necessary to the survival and well-being of the whole human species.

It is precisely in this context that the new vision and new opportunities to which the world's attention will be directed at Stockholm is so important. For if it is vital for men to change the context of their thinking and the direction of their imaginative thrust, the Conference can help achieve the new dimension most needed in the thought of technological man. This is to see himself not as a separate, antagonistic, exclusive exploiter of unlimited earthly resources, but as the careful manager of a precious and limited planetary inheritance. If this vision prevails, the effects of separate activities and policies can be refashioned, enhanced and co-ordinated, and the environment may yet be the key to realization of the larger ideals of world community that inspired the architects of the United Nations.

And this, in essence, is the challenge that lies beyond Stockholm – that is at the heart of all the ferment and frustration of our times: to achieve not just international security in the absence of war, not just dignity and justice through the prevalence of equality, not just satisfaction through the relief of poverty, but to bring reality to the vision of a vast, diverse, co-operative global quest for a reconciliation between the imperative for a healthy natural environment and the imperative for a healthy human environment conducive to the fullest attainment of the potential of every individual human being:

This must be our hope for Stockholm – and if we realize these hopes at Stockholm I am convinced that all mankind can face a perilous and uncertain future with new hope.

Mr. Strong was thanked on behalf of The Empire Club of Canada by Mr. Marvin B. Gelber.

EDITOR'S NOTE: In 1968, the United Nations General Assembly decided to hold the Conference on the Human Environment in June of 1972. Canada's Maurice Strong had been seconded from his position as head of the Canadian International Development Agency to be the Conference's Secretary-General.

Mr. Strong undertook the work of directing thousands of experts from over one hundred countries who completed the necessary preparatory work containing some 500 recommendations and suggestions.

In Stockholm, less than three months after this Address was given to the Empire Club, delegates from almost every nation in the world representing a complete cross-section of the world's 3.5-billion people, of radically contrasting ethnic, political and economic backgrounds unanimously acknowledged that a worldwide environmental emergency *existed, in areas ranging from ocean pollution to urban poverty. The Conference produced agreement in principle that nations, despite their sovereignty, have mutual responsibilites to each other for both constructive environmental action and international environmental damage. The delegates also produced a 200-point program of international efforts; designed a permanent organization within the United Nations to co-ordinate those activities; and adopted a code of "principles" to serve as guidelines for future national performance.*

By all accounts, the Conference was considered a success as almost all of the recommendations on the agenda were approved in spite of the very real differences in the nations represented.

After the Conference was over the New York Times editorialized –

> *"This planet is in debt to the indefatigable Maurice F. Strong, the Stockholm Conference's tireless organizer and moving spirit".*

MARCH 30, 1972

Some Observations on Canada-U.S. Economic Relations

AN ADDRESS BY W. Earle McLaughlin,
K.ST.J., LL.D., CHAIRMAN AND PRESIDENT,
THE ROYAL BANK OF CANADA

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Our guest today is Mr. W. Earle McLaughlin, Chairman and President of The Royal Bank of Canada – Canada's largest bank, and therefore by definition, one of the largest banks in the world.

If one looks at the men who are Chairmen or Presidents of our Canadian chartered banks, one will note that in every case, save one, they started their careers with exactly the same bank which they now head, at an average age of sixteen – and in one case – as young as fourteen.

The one exception to the rule is our guest today who, unlike all of his other counterparts, actually went to college, graduating with the gold medal in commerce from Queen's University. Mr. McLaughlin therefore did not start his career with the Royal Bank until he had reached the relatively advanced age of twenty-one, and unless he receives very special consideration from his Board of Directors, he is perhaps unlikely to retire from active service with his bank with the traditional gold watch that symbolizes fifty years of continuous service.

The fact that our guest was a late starter did not, however, retard his progress. After service in various branches, and at head office, he became General Manager of the Bank in 1960 at the age of forty-five. Later that year, he was made President and has guided the growth and progress of The Royal Bank of Canada both domestically and internationally ever since.

His responsibilities have not precluded him from undertaking more than his share of outside activities. He is a Director of some of Canada's largest corporations – The CPR, Algoma Steel Corporation, Metropolitan Life, and General Motors Corporation. He is a member of the Board of Governors of The Royal Victoria Hospital, a Member of the Council of the Montreal Museum of Fine Arts, and a Trustee of Queen's University, and a recipient of many honours.

It is not necessary to an audience such as this to outline the tremendous contribution that the "Royal" and our other Canadian banks have made to the growth and development of our economy. Similarly, it goes without saying, that in our rapidly changing society, organizations as large as our major banks must also change, re-assessing old concepts and procedures so that the standard of service and identity with the average Canadian can be strengthened and preserved.

In his recently released Annual Report, Earle McLaughlin spoke of the frustrations that an individual can experience in today's mass society. He spoke of good corporate citizenship and his bank's increased awareness of its social responsibility towards our fellow countrymen, and that a corollory of excellence and leadership in any field must be a corresponding commitment to service of a high order.

Earle McLaughlin has served his bank and his country well in the past and for this reason, I have the honour ot presenting to you today, Mr. W. Earle McLaughlin, Chairman and President of The Royal Bank of Canada.

MR. MCLAUGHLIN:

It was quite some months ago when I accepted your President's invitation to speak to you, and of the several dates available I chose today because I wanted to say something about the Federal Government's stance on foreign investment. I fully expected that by now the official Gray Report on that subject would have been published. And I had planned to comment on it. But, as you know, we are still awaiting the announcement by the Government of its views and policies on foreign investment in Canada.

Foreign Ownership

So the best I can do today on this issue of foreign ownership is to summarize my views on the subject, which generally are against the prevailing trend of imposing restrictions on foreign investment. But before I summarize my position I want to make clear the basis from which I speak.

First, I am not against doing things in response to national sentiment and aspirations. If there is a well-founded national sentiment in Canada for Canadians to own more of the economic activity of the country, then I would hold it is legitimate and appropriate to respond to that sentiment. That is part of the democratic process. A country should be what the voters want it to be but – and this is an essential "but" – only after full investigation of the facts and full debate and airing of the issues. Let us not respond before we know what the best response is. It is the responsibility of all those who have thought long and hard about the issues to ensure that the debate takes place and to make their voices heard before a decision is taken.

So I am not against responding to a legitimate and informed national sentiment. What I am against are inappropriate, harmful methods founded on bad arguments or inadequate information for bringing about what is wanted.

As I said just a little over a year ago at an institutional investor conference in New York:

> *"Despite the economic benefits – faster economic growth and a higher standard of living – that foreign direct investment brings to Canada, it is understandable that Canadians may have a sense of uneasiness when a large proportion of Canada's economic activity is owned and controlled by non-residents. Even without this uneasiness, it is natural enough for Canadians to want to own more of the economic activity in Canada, or at least to prevent a further reduction in the degree of Canadian ownership and control. The crucial question then becomes: Can this national sentiment be satisfied without imposing restrictions on foreign direct investment and ownership and without undertaking costly buy-back schemes that would reduce or cut off the benefit of foreign direct investment?"*

I answered my own question in the affirmative.

Basically, the way to greater Canadian ownership, I argued and still argue, is to eliminate artificial constraints on Canadian ownership such as may inadvertently exist in our laws, regulations, or institutional arrangements. In addition, we should do everything we can to continue to develop our entrepreneurial talents, our capital markets, and the growth of our economy.

This led me to the following conclusion at the New York conference:

> *"In general, given sound policies at home and a reasonable legal and economic framework, the course of economic growth and development should bring Canada naturally to a stage of greater economic maturity, at which time Canadians will be able to own as much, or as little, of Canada as they wish."*

It is my hope that every opportunity will be granted to test the validity of this conclusion.

I make this plea because there are those who doubt that any reduction in foreign ownership and control in Canada can be achieved by natural means. They pessimistically conclude that once a substantial proportion of economic activity passes under the control of foreign-owned corporations, it may become impossible to reverse the situation. In support of this pessimistic conclusion, references are made to the large size of foreign-owned operations and their concentration in faster growing areas of the economy.

However, I would not rule out a changing economic and social climate making it not only natural but attractive for ownership to shift gradually from foreign to Canadian hands.

And what is there to say that size of enterprise is any necessary barrier to change? For one thing, size does not necessarily guarantee efficiency. For another, the economic future of Canada may lie not with the giants of today but with the medium-size firms of tomorrow, in which Canadian ownership might be the more natural thing.

In any event, my own inclination is to continue with a basically "open-door" approach to foreign investment, relying on the natural forces of change to determine how much or how little the door should remain open.

It is, after all, not very flattering to picture the Canada of the future as a country where its residents only own what they do by virtue of Government decree. As a Canadian, I would like to think we are developing an economy that can stand on its own without the support of special protective measures. I hold that Canadians are capable, over time, through their own efforts, of owning more of their own economic activity, without needing to rely on artificial restrictions to bolster these efforts.

Now, some may say that it is all very well for a banker to speak in this way, for after all are not the Canadian banks protected from foreign take-over and foreign competition in Canada?

It is true that the changes made in the Bank Act in 1967 now prevent foreign banks from setting up in Canada or taking over existing Canadian banks. The Act now also severely limits non-resident share ownership in Canadian banks. However, these foreign investment restrictions were imposed on the banks without consultation; they were not requested by the banks and were neither wanted nor thought necessary by many of us. The Government view prevailed.

It is, of course, natural that some might assume that banks would favour shutting out foreign banks from Canada. Others might say "the less competition the better, so how can any banker be against curbing competition from foreign banks?" Well I for one am! I am against curbing competition from foreign banks in Canada on the simple grounds that such an approach is very shortsighted. If Canada excludes foreign banks, it will be only a matter of time – indeed it is now happening in some parts of the world – before Canadian banks are excluded from or restricted in operating in other countries. And Canadian banks, as is well known, have a long and distinguished history of providing banking services outside this country, particularly in the Caribbean and South America.

Furthermore, in this world of multi-national corporations, we need multi-national banks. If Canadian banking is to continue to give the kind of world-wide service that a modern economy requires, Canadian banks must continue to grow internationally. Excluding foreign banks from Canada is not the way to guarantee this. In particular, I would welcome them on a reciprocal basis. That is, let them do in Canada what Canadian banks are variously permitted to do in foreign jurisdictions.

There are also some other misunderstandings concerning Canadian banks and foreign ownership in Canada. Emotional statements are made criticizing Canadian banks for financing the take-over of Canadian firms by non-residents. It is said we are providing the funds for the sell-out of Canada. I am not at all sure that we are.

But what if we are? Is the criticism justified?

The criticism implies that if financing from Canadian banks were not available the foreign take-over would not go through. Such is not the case. A multi-national corporation buying into a Canadian operation makes its decision on the merits of the case. Financing is a secondary consideration. A multi-national corporation has many ways of financing its acquisitions. Borrowing from Canadian banks is only one. It is a tribute to the efficiency of a Canadian bank if it can compete with a whole host of foreign financing sources and win the business. It means that something gets done in Canada rather than elsewhere. It means that a Canadian financial institution increases its profit to the benefit of its depositors, and shareholders and, alas, to the Government through paying more taxes. If Canadian banks could not do the financing it would be done elsewhere, and the acquisition would still go forward.

Moreover, financing mergers and take-overs need not and does not deprive other bank borrowers of funds. Normally, there are enough funds to take care of all credit-worthy borrowers at going rates. In those distressing times of extremely tight money when credit rationing has to be imposed, it will be the loans for the special situations, such as for take-overs, that will be declined – be they Canadian or foreign take-overs.

There is also some misunderstanding of the merger and acquisition services provided by the larger Canadian banks. Canadian banks do try to bring potential sellers of Canadian firms and productive assets in touch with potential buyers, some of whom are bound to be non-residents. In providing this type of service – and there are others more active in this than the banks – Canadian banks are helping sellers of Canadian assets to obtain the highest price – a right it is generally agreed that any owner and developer of an asset is entitled to. But there must first be potential sellers. Without them, nothing can be done.

I have also heard it alleged that Canadian banks in their lending activities favour non-resident owned enterprises in

Canada over Canadian ones. This is not so. In lending funds, Canadian banks assess the competence and strength of the management and the soundness of the loan. Merit, not nationality, determines the loan.

Specifically, what counts, apart from safety, is the use to which the funds will be put in furthering profitable and productive activity in Canada. Loans wisely made, and made on that basis, contribute to economic growth, development, and employment in Canada, regardless of the nationality of the borrower.

And this must hold even in the case of offering financing to merger groups, where the potential acquirers may include both resident and non-resident bidders.

After all, I believe that foreign-owned enterprises in Canada are as good corporate citizens as Canadian-owned enterprises. Where problems do arise they are usually the result of external laws or misunderstandings, and these can be dealt with more easily, and in less costly ways, than through outright prohibitions on foreign ownership or through complicated buy-back arrangements.

Negotiating With The U.S.

The question of foreign ownership is, of course, an important issue in Canada-U.S. economic relations. It has been a relatively longstanding one. But two other issues have come into prominence over the last few months as a result of international monetary developments. These involve the matter of bi-lateral negotiations between Canada and the United States, and the Canadian dollar and foreign exchange reserves.

The current issue of bi-lateral negotiations between Canada and the United States is tied in with the so-called Smithsonian agreement of last December covering the multinational currency re-alignments. These negotiations, on what are billed as trade irritants, are still uncompleted. This is most unfortunate in this election year – for sure in the

United States, probably in Canada. Election times are never the best of times for bringing about understanding or promoting cool reasoning, if for no other reason than that a government fighting an election cannot be seen to be giving ground to another country.

Fortunately, the stability, or lack of it, in the current international monetary situation does not depend on the outcome of the Canada-U.S. negotiations. Canada with her "clean" dollar is not one of those countries still accumulating U.S. dollars. And it is these continued involuntary accummulations at the present time that pose the threat to the stability of the international monetary system.

This is not an argument for Canada not to negotiate with the United States. But recalling that the fate of the world does not depend on such negotiations helps to relieve some of the sense of urgency and anxiety. It should also help to put these negotiations in a better perspective.

We should by all means negotiate with the United States but the negotiations should be relevant. They should be relevant in terms of what it is proper for Canada to negotiate with the United States.

Where, for example, we have joint agreements with the United States, and these call for review, we obviously must in good faith negotiate when the other party so wishes. Hence, we must negotiate when asked, on such things as the auto agreement and the defence-sharing pact. We should also be ready to participate in multi-lateral negotiations to reform the international monetary order.

But matters that are the exclusive responsibility of an individual country and not the subject of special agreements are not the proper concern of bi-lateral negotiations between Canada and any country. For example, increasing Canada's customs' exemption for returning resident travellers – whether considered a crucial matter or an unimportant one, or a question of encouraging "truth in declaring" or of discouraging smuggling – is something that should be decided by Canada alone and not in consultation with some other country. To do otherwise is to surrender sovereignty. And in general I am not in favour of Canada bartering away any of its sovereignty for favours or concessions.

Our Dollar And Exchange Reserves

Related to negotiating with the United States are the current discussions about what to do with the Canadian dollar and Canadian exchange reserves.

The United States, I presume, would be pleased to see an even stronger Canadian dollar and would, no doubt, be happy if Canada artificially pegged its dollar above existing market values. But to keep our dollar artificially appreciated would mean tight money – high interest rates – and holding back our economy to give strength to our exchange rate. This is not a very palatable policy and seems unnecessary for bringing about international monetary stability.

Within the country, however, some would counsel pegging the Canadian dollar at much below current levels. This would require stimulating the economy, through very easy money, to weaken the Canadian dollar with resultant fanning of the still-smouldering fires of inflation. But we have had enough problems in the past in trying to maintain an artificial level for the Canadian dollar much below where the market would have it. I need only refer to May 1970 as the last time Canada encountered difficulties because of this.

But the fundamental question for exchange rate policy that a government has to decide on, in my view, is not at what level the exchange rate should be, but whether the exchange rate should be fixed or floating. Only when a government decides that it will choose a fixed rate does it then need to answer the subsequent question of what that rate should be.

If, however, a country opts for a clean floating rate, the government does not have to decide what the rate should be. The market will answer that question. The market answer – that is, the free level of the rate – will reflect a country's relative productive efficiency and its economic policies, including monetary policies.

Now I know there is some reluctance to accept passively a market level for the exchange rate. There is a tendency to let the level of the exchange rate dictate or determine the proper course for monetary policy. For example, if the authorities take a view of an exchange rate level as being too high, they may let that influence them to adopt an easier monetary policy, for that reason alone.

I do not consider this dirty floating. Cleanliness here, to me, means staying out of the exchange market either as a buyer or as a seller other than for smoothing purposes. But I do consider it inappropriate to let the exchange rate determine monetary policy.

I believe that monetary policy should be determined by the way the economy is performing. That is, if over-all domestic conditions call for easy money, then easy money it should be. The level of the exchange rate will be the outcome of that decision, as it should be. This is letting the exchange rate be determined by what should be done at home rather than letting the exchange rate dictate what is done.

Accordingly, to adopt a view of what a free exchange rate should be and to act on that view is to give up the right of a cleanly floating country to determine its own monetary policy for internal purposes.

There has also arisen in some quarters the unfortunate and completely unnecessary, indeed unworkable, suggestion that exchange controls be established. With controls, it is argued that the monetary authorities can impose the kind of monetary policy they want for domestic reasons, while preserving the exchange rate at some desired level. For example, it is suggested that these days we might want tighter monetary conditions but to act on that basis would mean a Canadian dollar stronger than some people think appropriate. Hence, goes the misguided argument, impose exchange controls to keep the Canadian dollar from rising when monetary policy is tightening up.

Now, admittedly, exchange controls are only being suggested for short-term capital flows. But can short-term capital flows be that easily identified? How do you tell them from long-term capital flows or from normal commercial payments without looking at all transactions?

I doubt that any such thing as partial exchange controls is feasible. Some may remember war-time exchange controls, their complications and their fostering of black markets in foreign exchange. And that was with the support of war-time psychology.

Do we want to revert to all that? Do we want a situation where we have to get a permit to finance a week-end in New York or even a drive to Buffalo?

Is this what we want? More controls, more regulations? Yet, this is what might come if we try to hold the exchange rate at a level inconsistent with the monetary policy we want.

Questions concerning the proper use of exchange reserves are also being raised at this time as well. Since the formal closing of the U.S. gold window last August, a number of "dollar-disposal" schemes have been advanced.

What are countries to do, it is asked, with holdings of U.S. dollars considered excessive now that the prospects of an early return of the U.S. dollar to convertibility into gold seem remote?

In a way the question intrigues me. In the days of gold convertibility the only thing countries could think of doing with their U.S. dollars was to convert them into gold. Now gold, despite its many fine qualities, is not a particularly productive asset. Some countries were content to hold it, even though it yielded no interest. Now that this non-interest bearing asset is no longer available, it suddenly seems important for countries to do something better with the U.S. dollars they do not want.

But why? U.S. dollars invested at interest are a better yielding asset than gold, at least in my opinion; so I wouldn't see the need for any country to do anything more with its excess U.S. dollar holdings than invest them wisely in short-term U.S. Government securities.

To use U.S. dollar holdings in a more aggressive way, such as to buy up U.S.-owned assets, either at home or abroad, is more likely to be upsetting than settling. It would get rid of the dollar "hang-over" all right, but it might kill the patient in the process. Retaliation and currency wars, dirty floating, and disorderly markets could all be the outcome.

In Canada's case, I would see nothing to be gained, and much to be lost, by the suggestion recently made in some quarters that the Canadian Government use some of its exchange reserves to buy up, through the New York stock market, shares in U.S. parent companies of Canadian subsidiaries. Even if a controlling interest could be acquired in this way in some of them, I doubt that this roundabout buy-back Canada scheme would mean any beneficial change in the operations of the Canadian subsidiaries. Would you believe that a government could operate these businesses more successfully than businessmen trained for the job and motivated by the desire to be efficient and profitable?

And to use our exchange reserves for a direct buy-back Canada scheme would be even worse. It would mean, in some cases, forced sales by unwilling sellers and government ownership of Canadian firms. Do we really want the Government to own some of our major companies? If we do, that should be a decision we make openly, not under cover of using up our exchange reserves. Again, the basic decision is not one of financing, but one of determining what the objective is.

Should the objective be to return some day to a fixed rate which, of course, I would not advocate, the investment of our exchange reserves in non-liquid forms would rule that out. If some Minister of Finance, at some future date, wanted suddenly to peg the Canadian dollar again, and our exchange reserves were not available to support his intentions, he would really be in a fix. Because, of course, a fixed exchange rate means ultimately another exchange crisis. That has been the history of fixed exchange rates everywhere and, in this case, history would be bound to be repeated. However, I will resist the temptation to endorse the proposal for non-liquid investments of our exchange reserves as an appropriate manner of safeguarding us from any ill-considered move to put Canada back again on a fixed exchange rate.

If I were a frivolous person, which I hope I am not, I would suggest that if we wish to use up our exchange reserves in a productive or constructive way, we could do so by giving them to the United States as a grant in aid. Our plea might be "take our reserves and leave us alone" – a "buy-off" rather than a "buy-back" approach. But I do not believe in bargaining for our rights. What is ours by right, we press for, and what is relevant to negotiate for, we negotiate willingly.

National Sovereignty

So, if there is a message to be extracted from these observations on Canada-U.S. economic relations, it would be this.

National sovereignty is guaranteed not through discrimination against foreign investment, not through "horse-trading" bi-lateral negotiations, and not through taking a view of the exchange rate – it is guaranteed by using the impetus to growth provided by foreign investment to further our national aspirations, by taking full advantage of a clean floating exchange rate to set monetary policy solely according to domestic economic conditions, and by negotiating on relevant issues To do more is to surrender national sovereignty; to do less is to forgo opportunities to be sovereign.

Mr. McLaughlin was thanked on behalf of The Empire Club of Canada by Mr. Sydney Hermant.

EDITOR'S NOTE: Mr. McLaughlin was the eighth speaker before The Empire Club in the 1971–72 season who spoke on the controversial issues of foreign ownership and our relations with the United States. His address should be read therefore in the context of the other addresses in this volume on the same subject. (See Editor's Note on page 57.)

APRIL 6, 1972

The Right to Know

AN ADDRESS BY Brigadier General Bruce J. Legge,
C.ST.J., E.D., C.D., Q.C., CHAIRMAN,
WORKMEN'S COMPENSATION BOARD OF
ONTARIO AND COMMANDER OF CENTRAL
MILITIA AREA

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

In 1915, the then Provincial Government of Ontario headed by Sir William Hearst, established The Workmen's Compensation Board of Ontario, an autonomous organization which was dedicated to the proposition that the working men and women of this Province should not suffer because of injury occasioned by their employment.

One must remember that in 1915, the establishment of such an institution by a Conservative Government in a province with a strong free enterprise tradition, was not then greeted with the same degree of universal acceptance that it enjoys today.

In the intervening years, The Workmen's Compensation Board has indeed fulfilled the promise of its founders to the people of Ontario, and has worked with quiet competence and efficiency and under normal circumstances without the fanfare and glare of publicity that characterizes so many other more costly, but less efficient agencies of government.

When, in 1965, the Board was searching for a new Chairman, the choice fell on Bruce Jarvis Legge, a distinguished barrister and Queen's Counsel who had built for himself an enviable reputation at the Bar and as legal adviser to the Department of Veterans Affairs. He had already exhibited those qualities of social concern which have characterized his leadership at the Board. He had been active in many community endeavours including the assumption of a leadership role in advising the Government on the reorganization of the Canadian Militia, a force which twice during this century has provided the backbone of Canada's preparedness during two world wars.

Bruce Legge had also served as President of The Empire Club of Canada, a task, depending on to whom you speak, perhaps represents more of a chore than an honour, but it is a circumstance which makes members of this Club highly aware and more appreciative of his public contribution.

An executive of proven ability, Bruce Legge took to his duties with The Workmen's Compensation Board with enthusiasm and efficiency. He insisted from the outset that his staff think in terms of human values and social concern. He asked that rehabilitation of injured workmen continue to be a prime consideration and pioneered new concepts of worker re-training and accident prevention so that the working men of our Province would be able to continue, not only to contribute to our Province's growth, but achieve that personal fulfilment that comes from playing a useful role in society.

The work of the Compensation Board, under his leadership, has become a model for similar organizations throughout the world as experts from many nations have come to talk, to study and to learn of the accomplishments of the organization of which our guest today now heads. He has been honoured by his fellow commissioners by being made Chairman of the International Association of all Workmen's Compensation Boards in the United States, Canada and other Commonwealth countries.

It is not often that our society produces an executive such as our guest, where ability and a desire to serve, go hand in hand; and who is prepared to accept all of the personal sacrifices, frustrations and tribulations that government service entails.

Bruce Legge's career represents the finest traditions of our public service; so that it makes me very proud as President of The Empire Club of Canada, to be able to present to you today, Brigadier-General Bruce Jarvis Legge, Q.C., Chairman of The Workmen's Compensation Board of Ontario.

GENERAL BRUCE LEGGE:

Since the Eleventh of March all of us at the Workmen's Compensation Board have been surprised to merit about as much space as Moses got in the Old Testament, with pictures, lurid headlines and some nine hundred and thirty-five column inches in one Toronto newspaper – and all that was before yesterday.

On the Third of April in its now famous editorial the "Suede Sofa" the Toronto *Sun* wrote "The Press and media have a cripple-kicking tendency. That is, they seem to intuitively and unanimously select a target for attack and pile on, like mongrels baiting a bull.

"It may be unfair, but it's done – usually in complete sincerity, in belief that it's being honest, fearless, independent."

Now some of you may be disappointed today that I will not speak on a variety of matters that are very much in the public eye, but my colleagues and I are confident that the truth will be clearly discerned.

Fair Play

Government in a democracy can only be carried on if the people have an inherent sense of fair play. In our parliamentary tradition the Speaker rules Parliament and sometimes he becomes a very powerful influence like Mr. Speaker Fitzroy at Westminster who would never recognize a certain boring backbencher if he could possibly see anyone else ready to speak. One day the House bore was standing alone demanding to speak and the Speaker had to recognize him. He drew himself up to his full height and began, "Mr. Speaker, Mr. Speaker, I often ask myself this question," and Fitzroy grumbled, "And a damned silly answer you got too."

Trial By Headlines

In Canada we pride ourselves that justice in the courts is a far cry from the trial by headline in the United States. The late Dr. Sam Sheppard was sent to prison for the murder of his wife and then freed because the courts ruled that no one could have a fair trial in Cleveland at that time because of the inflammatory headlines.

And what of recent American justice when *Time* Magazine reports, "Even in the sombre setting of a courtroom, New Orleans District Attorney James Garrison's special investigation of the assassination of President J. F. Kennedy was barely distinguishable from a circus sideshow."

Can justice ever be done in an atmosphere of Gladiators fighting to the death before thousands of bloodthirsty spectators in a Roman circus? Justice and good government are not present in the company of hatred and violence and insatiable ambitions.

These are turbulent times and great public institutions like the Workmen's Compensation Board should neither be sacrosanct nor pilloried. Take the sneer "bureaucracy" for example. No one ever defines it but still it is used to describe everything from medicare to the white paper on taxation.

The Workmen's Compensation Board is the antithesis of bureaucracy, and like Jean Vanier, I think it is necessary to stand up and say "I believe in the human person". And all our activities are for the injured workmen.

Individual Cases

Unfortunately, because we believe in fair play we are prevented from doing what certain people would like us to do. Although our officials are not civil servants they cannot publicly discuss individual cases because the Board decides cases judicially and could no more enter into a public argument or justification of its decisions than could a judge for the decisions which he has to make.

Perhaps it's just human nature to second guess the umpire. Obviously the Board could not publicly debate its decisions in individual cases without breaking public policy not to reveal information about the injured workmen. The Board's decisions are made expertly, impartially and in good faith on the basis of all the evidence available and where there are psychiatric complications or where there are records of psychopathic activity, as in the case of a workman with a long criminal record, the Board as a public servant could not violate that man's privacy by revealing such information.

In our decision-making we have always insisted that each individual has the right to know the facts of his case and reasons are always given to him in writing.

Doctors And Their Patients

Today the traditional wisdom that permits a special relationship between doctor and patient is under scrutiny. A doctor must act in his patient's best interest and may withhold information for medical reasons such as a malignant disease, because such knowledge may be disastrous to the patient.

Privileged Communication

If we accept that the patient-doctor relationship is secret or confidential, then we must ask when it is in society's interest to have it modified. Clearly a communicable disease must be reported to the authorities regardless of the patient's wishes. In our changing society professional secrecy is not absolute and disclosure is also practised in well defined situations like medical reporting about workmen to the Compensation Board.

Legislation

This makes the right to know very difficult and in a democracy there must be discussion and a pragmatic approach towards the best possible policies and practices. The renowned scholar, Kenneth Clark, in his remarkable opus "Civilization" said, "The question is how far people can live without some kind of framework without lapsing into anarchy . . .".

Our framework of compensation is a no fault system provided without cost to the worker by the employers without any tax assistance. The Board is many things. It is a system of adjudication. It is an insurance company and a trust company providing compensation to an injured workman for lost wages and lifetime pensions. It is a hospital and rehabilitation centre for physical and vocational rehabilitation all of which rests within the framework of enlightened legislation. It is an educational institution responsible for the operation of nine safety associations which teach industry and workmen how to avoid accidents.

Ontario's accident prevention associations are recognized internationally as leaders in their field and it might interest you to know that the Workmen's Compensation Board and our associations invest more money in occupational safety education than any other single organization in the world. The total is more than six million dollars a year. You will have seen some of our awareness education on television. This reaches the two and a half million men and women in Ontario protected by the Workmen's Compensation Act and their one hundred and thirty-two thousand employers who pay the cost of compensation.

The Community

In primitive societies the very old and the very young, the sick and the weak, were the first to be abandoned in times of emergency. In advanced societies, these have first claim on the services of the State and the people must therefore be well served.

From the need for human protection, the community of the twentieth century has developed a plentitude of governments, local, regional and national. All of them have sophisticated procedures and the disabled may see great chasms between themselves and the system.

Workmen's Compensation Board

We believe that laws exist not for the scientific satisfaction of the legal mind, but for the convenience of lay people, and the Board is not a court of law (Sir James Stephen). We have good legislation to administer and we follow our motto "Justitia et Humanitate" (Justice with Humanity). In all this, we make two million decisions a year, each of which may have a vital effect on the welfare of many other people, and therefore we try to decide with a sense of urgency and professional excellence.

The Board is an independent decision-making authority and decisions are impartially made on the facts and not because of whom you know or to please any group. Never have I been asked by any unionist, businessman, or politician of any party in seven years as Chairman to decide a case in a certain way, nor have I ever heard of such an intimation being made to my colleagues or officials. We report to the Minister of Labour, the Honourable Fern Guindon, and he reports to the Legislature for the Board. He does not tell us how to decide cases any more than the Minister of Justice of Canada would tell the Supreme Court of British Columbia how to decide a breathalizer test case.

Independent Civil Service

In matters of public and governmental policy whether we get what we pay for or what we deserve is really a very subjective question.

According to the Honourable Jack Pickersgill, "The criterion of responsible government is not that a government is required to levy taxes to raise all the money it spends, but that the government is answerable to the people through their elected representatives for everything that is done by that government. In order to make that responsibility meaningful in our Canadian Federation, it is essential that the public be informed of the respective responsibilities of federal and provincial governments so that the electors can always tell who is to blame when things go wrong!

This was the same Honourable John Whitney Pickersgill who was such a joyful partisan in the House of Commons that on his retirement the Right Honourable John Diefenbaker told him, "The House of Commons without Pickersgill is like Hell without the Devil".

Although the Workmen's Compensation Board is not the Civil Service the Canadian tradition of government requires a strong and independent civil service to serve the public efficiently and honestly. A parallel tradition protects the civil servant from criticism in Parliament for his actions in the course of his duty and for the advice he gives the Ministers of the Crown who must take all the responsibility.

According to our parliamentary tradition the Minister is the only fair target for attack and the independent and unprejudiced position of the civil servant is protected. Parliamentary immunity protects the attacker and the Minister can answer any assault on his decisions or reputation on the floor of the House, whereas the civil servant would have no such privileged position from which to protect his reputation.

Sacrifices of Politicians

In these days of confrontation I think in this forum – The Empire Club of Canada– that we have a right to know our debt to politicians. It is difficult for the public to know how much Members of Parliament, Members of the Legislature, and Ministers of the Crown give up personally by serving in Government.

It would be difficult to number in a country like Canada, with eleven separate governments, how many ministers have found that politics interrupted their normal careers, and when the voters or the Prime Minister had tired of their services, found that they were in a very unenviable financial and professional position.

The Press and Secrecy

Even in the new open diplomacy there is still much secrecy, but the Workmen's Compensation Board does not believe in cloaking its activities in secrecy. We are always willing to provide as much information as we can without violating the rights of the people with whom we deal.

In this regard, Professor Albert Abel, of the University of Toronto Law School, and a distinguished authority on public administration, wrote four years ago that as for individuals, "the harm (of disclosure) may be economic, as where preliminary investigations into the management of a company or the wholesomeness of a product are under way; in such cases, even an ultimate clean bill of health would probably not save the enterprise from grave loss and the authorities quite properly do not want to reveal such matters past or present . . . the individual's interest in being free from shame and vexation is not to be sacrificed to a mere general right to know."

In this sense the right to know is a philosophical concept but the maxim that justice must be seen to be done is easier.

Pity on the Country

Henry Cecil has posed this conundrum "Which is the greater harm? That an acquitted criminal should do it again or that judges should not appear to be fair-minded?"

But the question is not simple. The judge is not only sitting to see that the prisoner has a fair trial. The public is also entitled to a fair trial – and Sir Mathew Hale asserted three hundred years ago "When dealing with grave crimes one must have pity on the country as well as on the prisoner."

This concept of a fair trial is one that society must keep in first place. In this forum it is a pleasure to cite the Queen's views expressed during her last visit to Canada in Victoria.

"The creation and maintenance of a civilized community depends upon the will and determination of the people as a whole, working through a system of democratic institutions. In this system there should be no 'them' and 'us'. The basis of our democratic institutions is that it all depends on us. It depends upon everyone doing their job responsibly and intelligently . . . we hear too much about struggles for power these days. I believe we should be more concerned with giving service."

To Pay Peter or Paul

The objective of all social action must be to meet the needs of the public but it is indisputable that workmen's compensation and social services for the public are moulded by the conflict between what society wants and what society will pay for. How much for hospitals? What should be given for foreign aid? Why do the schools need more and more? Why can't we increase pensions to the aged? And what do we get for our defence dollar?

The Maintenance of Force

The government that robs Peter to pay Paul can always count on the support of Paul, and despite the often strident public debate about the armed forces, I am certain that this audience is in absolute agreement with the statement which was said to have been written by Mr. Pearson himself. "It is essential to maintain a force on our side as a deterrent against attack from potential foes who are themselves heavily armed, as a means of removing the greatest temptation to an aggressor, the assurance of an easy victory."

My argument goes a step further and is based on the old Finnish maxim "A small country will always have an army, its own or someone elses". Canada's defence policy is in support of NATO because the West must have conventional forces if it is to avoid the harsh alternative of surrendering to the threat of the bomb or committing suicide by using it.

Naturally, I believe in having our own but if as a major economy it is government policy to restrict defence spending for financial rather than military reasons, inevitably resulting in a smaller force, then the reserve forces ought to be sustained all the more. There is a real need of reserves for all emergencies and in times of crisis.

It is strange that one of our greatest Prime Ministers, Sir Wilfred Laurier, stated in 1902, "You must not take the Militia seriously, it will not be required for the defence of the country, as the Monroe doctrine protects us against enemy aggression."

Within a dozen years of that embarrassing pronouncement the legendary Sir Sam Hughes accomplished the incredible task of assembling, equipping and sending overseas the Canadian Expeditionary Force of thirty-three thousand men, and that within two months after the outbreak of war in 1914.

American Forces

In the United States these are harsh days for the military because they have had to control explosive situations that local police forces have found to be impossible. The same agony pertains to the British Forces in Ulster today. American involvement in Vietnam is certainly one of the most inflammatory and splits the country into two hostile and highly vocal camps. Every day tens of thousands of words are disseminated about the conduct of the war and the armed forces.

Canadian Reserves

On the other hand, in Canada's tiny reserves there are all sorts and conditions of men from talented students to business and professional men who believe in the citizen soldier's role and who work to keep together a military unit in the face of popular indifference or hostility.

This classic story illustrates the problem. An American general visited Canada and received a bad press from one large newspaper. He protested and this was printed under the caption "Bottle scarred veteran protests". He demanded a retraction which was printed under the caption "Battle scared veteran demands retraction".

Despite the spirit of the times and the distance of the last war, the Canadian Reserves have always had a degree of public support and they provide a place of service for the energies and loyalties of those who wish to be ready for any emergency. They help to bridge the now dangerously wide gap between soldier and civilian. The Canadian who gives his leisure to become a part-time soldier deserves Field Marshal Slim's accolade, "Twice a citizen". That man will be needed as much in the future as he has been through Canada's history, and I hope that this distinguished audience will continue to recognize in this imperfect world the need for the Canadian volunteer – whether they be the fine professional officers and men of the Regular Forces, or the enthusiastic citizens in the Reserves.

There is a fractious Russian saying, "He never chooses an opinion he just wears what ever happens to be in style". Public service whether in politics, the forces, the civil service, important crown corporations or private charities are all under attack.

The chasms in our restless society are deep and the bridges hard to build but Edmund Burke knew that "A state without the means of some change is without the means of its conservation".

In our Canadian democracy we have the means of this conservation. Good men in the Armed Forces, in the Workmen's Compensation Board, in Churches and Charities, in Politics and in this incomparable Club will always work to make Canada a better place to live.

General Legge was thanked on behalf of The Empire Club of Canada by Major Arthur J. Langley, C.D.

EDITOR'S NOTE: Since 1915, the Workmen's Compensation Board of Ontario had operated with quiet efficiency and, by and large, free from the glare of publicity that normally characterizes many other agencies of government.

However, at the time this Speech was given, a dissatisfied former employee of the Board had received a great deal of publicity in the daily press for making allegations against Board members and his charges were being investigated by the Ontario Legislature's Committee on Resources and Development.

As a consequence, the Provincial Government was being severely criticized for allowing witnesses to appear before Committees of the Legislature, making statements under oath and thus receiving the protection of the Legislature against possible court action for slander. Opposition Leader, Robert Nixon, described the hearings as "a travesty of justice". The Legislative Committee's own legal counsel offered to resign, expressing his concern that while former employees appearing as witnesses had immunity against legal action, the reputations of respected people could be damaged by unsubstantiated and hearsay evidence and that if such evidence was to be heard, it should be heard before a Royal Commission where the witnesses would not have such an immunity.

General Legge, the Board's Chairman, on the other hand, because of his oath of office and the judicial nature of the Workmen's Compensation Board's decisions, had refused to enter into a public argument or justification for the Board's decisions. On this occasion, his first public address since the hearings began, General Legge received an unprecedented standing ovation from an overflow audience at The Empire Club, choosing as the title of his speech "The Right to Know".

APRIL 13, 1972

The Universities: Who Guides Their Response to Changing Needs?

AN ADDRESS BY

Dr. John R. Evans,
M.D., D.PHIL., LL.D., F.R.C.P.(C),
PRESIDENT DESIGNATE OF THE
UNIVERSITY OF TORONTO

CHAIRMAN

The President,
Henry N. R. Jackman

MR. JACKMAN:

It is a great pleasure for The Empire Club to welcome to our Luncheon today, Dr. John R. Evans who will shortly be assuming his new responsibilities as President of the University of Toronto.

Many of those who are in our audience today are, along with Dr. Evans, graduates of the University of Toronto in the early 1950's when the University was – at least on the surface – a very different institution than it appears today.

Those were the days when campus heroes were more likely than not to be found on the football field; when commitment to social action rarely got beyond nocturnal forays to the women's residences and the term – "well-stacked" Dr. Sword had a connotation which had nothing to do with the University Library.

We can all remember the addresses of the late Dr. Sydney Smith who regularly admonished the students saying that there were not enough characters around the campus and that the university community was in danger of succumbing to the general apathy of the student body who accepted all decisions from both administration and faculty without question. Needless to say, Dr. Evans, the tone of presidential addresses has changed somewhat in recent years.

Since then, a transformation has taken place and a little over a year ago this Club had the honour of hearing an Address by Dr. Claude T. Bissell, Dr. Evans' predecessor, who discussed the changing relationship between the various constituencies within the university. Dr. Bissell anticipated that student involvement and protest would not cease during the balance of the 1970's and that the role of the university administrator in responding to these inevitable crises should always be to give the correct response but also to give a sympathetic response. As an example of a correct and sympathetic reply, he quoted an imaginary letter which the Chairman of the Board of Governors might have written in response to a situation where a student protest group had kidnapped the President and demanded a ransom.

The letter reads as follows:

> "Gentlemen:
>
> Thank you very much for your note of January 25th in which you request funding in the amount of $100,000 by tomorrow evening to insure against the permanent absence from the campus of our University President.
>
> The vital questions raised in your communication have been discussed fully by the president's cabinet, the executive committee of the board of governors, as well as the ransom committee of the faculty senate.
>
> As you know, all requests for funds must go first to the finance committee of the board, and then to the full board which meets next on April 28th.
>
> If you and your co-conspirators have had an opportunity to read the recent report of the Royal Commission on Higher Education, you will know that most colleges

> are experiencing fiscal difficulty. Our University is no exception. (For your information, a copy of this valuable report is enclosed.)
>
> The various university constituencies here regretfully feel that in the light of the university's present fiscal crisis, we cannot fund your group in the amount requested. For the record however, the executive committee of the board of governors does want the President to know that it unanimously approved a motion to continue the university's contribution to his hospitalization and major medical plans.
>
> If the fiscal picture should improve in the near future, you have our assurance that we shall review our decision via, of course, the appropriate committees.
>
> In the meantime, please extend to the President the warmest regards of the governors, faculty, students and staff."

Whether this story quoted by Dr. Bissell last year was entirely apocryphal or whether this was a prelude of things to come I cannot say. The only certainty that I can express, is that very soon after quoting this story to The Empire Club, Dr. Bissell indicated to the Board of Governors that he would like to be relieved of his duties and the laborious process of searching for a new president began in earnest.

The unanimous choice of the Selection Committee was Dr. John R. Evans – our guest today. Brought up and educated in Toronto, he received his pre-medical and medical training at the University of Toronto, graduating as a Rhodes Scholar in 1952. He spent three years as a Research Fellow at Oxford University and at the National Heart Hospital in London, England. In 1955, he was awarded his Doctorate in Philosophy from Oxford. Following clinical training in London and Toronto and further research experience at the Harvard Medical School, he joined the staff of the University of Toronto in the Department of Medicine.

In 1965 Doctor Evans went to McMaster University to initiate the development of the Faculty of Medicine and the programs in Health Sciences. He now holds the appointment of Vice-President – Health Sciences, Dean, Faculty of Medicine and Professor in the Department of Medicine at McMaster University.

The importance of The University of Toronto not only to our community but to all Canada, needs no explanation to an audience such as this. The views of the man who, more than anyone else, will have the responsibility of guiding this great institution, are therefore most important to us all.

One Toronto newspaper, at the time of Dr. Evans' appointment, stated that he might be accepting the most frustrating and personally unrewarding job in Canada. His presence here today attests to the fact that we know he must feel otherwise. I have therefore the very great pleasure of presenting to you today – Dr. John R. Evans, the new President of The University of Toronto.

DR. JOHN EVANS:

The changing needs to which the universities and other bodies must respond have been examined in depth over the past eighteen months by the Commission on Post-Secondary Education in Ontario. Their draft report, otherwise known as the Wright Report, has been much in the news. The draft report seems to have run into rough weather here, in Hamilton and I believe elsewhere in the province. The main criticisms that have been reported in the press have come from university people, both staff and students, and the burden of them has been that the Commission has made unsatisfactory provisions for student aid, university financing and relations with government. There is also a general complaint that the Commission has ignored the quality of educational experiences and the need to strive for excellence.

We should not permit these unacceptable features of the draft report (some of which may be modified) to blind us to the importance of the document as a whole. It is definitely a milestone in the educational history of this province. The Commission went the rounds of open hearings in all parts of Ontario and received a clear message that the citizens of Ontario attach great importance to post-secondary education and want wider opportunities to be available. The report strives to open up such opportunities for people in all walks of life, in all parts of the province, in all age groups. It broadens the concept of post-secondary education to include the agencies of informal education, like galleries, museums and public libraries, as well as the formal institutions, the colleges of applied arts and technology and the universities. It stresses the importance of the individual and of human values and the need for having educational processes take place on a human scale, that is, in groups small enough for the individual to feel that his voice is heard and his contribution is noted.

The report attacks head-on a great many of the ideas about the learning process that have become hardened by usage and sanctified by identification with academic standards. I have no intention of making light of academic standards. But I do not think they can be equated with old-style sequences of learning where Arts 100 is a compulsory prerequisite for Arts 200. While the sequential building block pattern of learning may be appropriate for some students in certain disciplines, others will do better with a problem-solving approach, or even more unorthodox methods which integrate learning and life experience. Since the objectives of educational programs are different and the factors which motivate students vary greatly, one must question slavish adherence to any single approach to education. It is important that we judge the value of the educational experience by the outcome rather than by the process followed.

The Wright Report envisages three routes to educational and professional qualifications. Besides the ordinary progression from high school to university, there would be a second route through the colleges of applied arts and technology by means of more flexible arrangements for transfer from para-professional and technological programs to professional ones. The third route would involve the recognition of units of work experience as partial qualification for professional status. The report also recommends that periodic study leave to enable a person to keep up-to-date with changes in his field should be the rule wherever possible. In these and other respects the Wright Commission has shown its agreement with some of the ideas in a comprehensive brief which it received and which since has been published by McClelland and Stewart under the title *Towards 2000.* As one of several co-authors, I confidently recommend *Towards 2000** to you as a book of unmatched wisdom, incredible perception with unrivalled clarity of expression! So remarkable in fact that if Jack McClelland is here, he will probably confirm that books like ours are in large measure responsible for the decline of the Canadian publishing industry. Unless he can arrange to have it replace the Gideon Bible in hotel rooms it is unlikely that any of its authors will receive royalties.

Two themes of the Wright Report which have special relevance to the future of universities in this Province are accountability and participation. I shall comment in general on both themes and suggest possible implications for the University of Toronto as seen from a distance of forty miles.

Accountability

In the fiscal sense accountability means that recipients of public funds must satisfy the public that the funds have actually been spent for the purpose for which they were voted. There is no conceivable quarrel with this requirement and I understand, for example, that the financial statements and auditors' reports of the University of Toronto have been tabled in the Legislature of Ontario since before 1906. Moreover, the operations underlying those financial reports, such as the reporting of enrolments which determine by formula the operating grants, and the classification of capital needs and entitlements, have taken place for some time under microscopic governmental scrutiny.

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*Porter, Blishen et al., *Towards 2000. The Future of Post-Secondary Education in Ontario.* McClelland and Stewart, Toronto, 1971.

The Wright Report, however, in its treatment of public accountability asks for more than validation of the financial affairs of the University. Specifically, it says: "Considerations of public accountability require that government be assured that public funds for post-secondary education are being spent efficiently and effectively." There is no quarrel with efficiency and effectiveness as such: those goals are cherished by all administrators. But the proving of our efficiency and effectiveness involves our being accountable to a government department for academic as well as financial practices. Much depends on the monitoring mechanisms the government creates. They may be Parkinsonian. Already man-years of high-level brain-power and the efforts of an army of clerical staff are expended annually on the filling out of forms and the answering of questionnaires for the government bureaucracy. I am told, for instance, that at the University of Toronto the reporting to government of the number of students that are registered in the various courses and divisions on one particular date in December each year requires the filling out of 1100 separate government forms! An even more unpalatable possibility is that the government's mechanisms will be so detailed and their rules, procedures and categories so rigid that innovation in academic programs will be inhibited and we shall be unable to respond effectively to the changing needs of the society we seek to serve.

Setting aside these universal complaints, however, if we face squarely the subject of accountability of universities for their subsidy from public funds, we must feel compelled to justify our existence, our method of operation, in comparison with any other means that have been or may be thought of for producing the same results. Here we are handicapped by the difficulty of measurement. It is not enough to count the number of students "processed" and the percentage of examinations passed. We must also develop measures of the quality and depth of the individual student's experience and the benefit which society may expect from the investment. Our subjective impressions relate primarily to what we have believed to be valid in the past but in an era of change we cannot be sure that this validity carries forward.

Accountability, then, involves justification of formal post-secondary education in comparison with other alternatives. The Wright Report lays great stress upon alternatives for young people who do not readily find themselves a place in today's labour market, and it mentions some of these alternatives in its first recommendation: Canadian University Service Overseas, Frontier College and Opportunities for Youth. We might add Winter Works and Local Initiative Programs. I respect the need for alternatives, with the corollary of greater choice and greater range of life styles for the young people involved. At the same time when considering accountability and justification, it is necessary to point out that the costs of the alternatives may be equal to or far greater than the costs of formal education and there is no evidence yet that the benefits either to the individual or to society, particularly the longer range benefits, can match those conferred by formal education.

The latest annual report of the Carnegie Corporation deals with this same issue in the United States and strikes a note of caution. Mr. Pifer, President of Carnegie, comments:

> "Moreover, there is the question of cost, a question which those who express concern over the tax burden

> of higher education would do well to remember. While the average annual real cost of having a student in college at the undergraduate level, including educational and general costs and board and lodging, is not more than $4,000 (perhaps $6,000 if foregone earnings are included), the cost of having the same person serve as a recruit in military service is $7,500, as a Peace Corps volunteer nearly $10,000, and as a VISTA volunteer $7,800. It should also be remembered that of the total annual expenditure on higher education [not all] comes from public tax sources whereas in military and other national service programs the *entire* burden falls on the taxpayer."

As this quotation indicates and as the Wright Commission recognizes in its second recommendation, alternatives to post-secondary education will not be cheap. The same applies to the version of the British open university which the Commission recommends. These alternatives should be explored, but they should be subjected to the same scrutiny of justification, cost effectiveness and cost benefit as the formal programs of post-secondary education.

The accountability that is required of universities must embrace our research as well as our educational programs, and once again we are handicapped by the lack of objective means of evaluating the worth of our research efforts. One of the difficulties with evaluation of research is that the long term view is essential. Fifty years ago a young physician and his student research assistant at the University of Toronto were tying off the main duct of the pancreatic gland in dogs in order to produce atrophy of that gland. A year later, insulin was at hand. About fifteen years ago a young assistant professor of economics was working on a research project in which no one else was interested, which would certainly have been called "useless". His subject was foreign control of Canadian corporations. The writings of an English professor at St. Michael's College have conditioned all of us – a whole generation – to be receptive to new ideas. How can we measure the importance of such research, and such people, in anticipating and reacting to change? This is an area where university initiative, as well as public accountability, must be very carefully safeguarded.

The interrelated problems of accountability and change lead me inevitably to the progressively tightening financial strait-jacket in which the universities find themselves at the present time. Legitimate new demands are being made on universities with increasing frequency and these new demands cannot be met without diversion of resources from existing commitments. In the 1960's the University of Toronto was able to adapt to the changing educational scene because it was in a period of growth. Now, however, its size is such that further growth is undesirable, and it has chosen voluntarily to exist in a steady state. So we are not talking about an "add-on" situation. If we add anything on we must subtract something else. Priorities must be set, and if new and important needs are to be met, low priority programs will have to be phased out with all the pain and sense of personal betrayal that that implies.

At the same time, a university cannot update its educational resources the way Eaton's and Simpson's dispose of excess inventory through a spring clearance sale. Our response to changing needs must be made having regard to the responsibilities of a corporation which is also an academic community, and with consideration of our role in relation to the other universities of the Ontario system and to the national scene.

At the University of Toronto after July 1st of this year we shall be approaching the task of setting priorities and responding to change through the mechanism of a new and unproven form of university government. The new Governing Council of the University meets the need for public accountability and at the same time provides for the internal resilience necessary to respond to change. Half of the members of the Governing Council will represent groups outside the University, being appointed by the government or else elected by the alumni. The other half will represent the students, teachers and employees of the University. Thus although the task that lies ahead is a difficult one, we shall have a responsible body that involves all the community affected by the decisions. This experiment will have significance for other institutions in the public sector of our society, and perhaps for those in the private sector as well.

Participation

The second theme is "participation", that is the involvement of those affected by decisions in the formulation or approval of these decisions. The Wright Commission on Post-Secondary Education puts great emphasis upon the individual man or woman, and rightly so. Depersonalization, they say, is destructive both to the individual and to society as a whole. The individual must be central and he must decide what educational experience is best for him. Increased participation of students and faculty in the decision-making bodies of existing colleges and universities is recommended. In fact, the Commission would make it mandatory to have students and faculty on the Boards and Senates of other governing bodies of colleges and universities.

It is paradoxical, however, that in the province as a whole at the interface of colleges and universities with the provincial government, the Commission recommends tighter and completely centralized governmental controls. The universities, for example, would come under a co-ordinating board appointed by the government with powers to determine admissions policy and to establish or abolish academic programs. This scheme would remove the individual student and the individual faculty member farther away from the locus of decisions about matters which affect the individual closely. Furthermore, with such direct government control there is always the anxiety if not the danger that political accountability may become more important than public accountability. This is of special significance in Ontario where almost all post-secondary educational institutions are provincial institutions and there are, therefore, no major private or national institutions independent of the provincial government to provide a yardstick for standards or a competitive stimulus to the provincially controlled sector.

Moreover, in spite of the Commission's emphasis on the co-ordination of all educational resources, the Wright Report proposes a separate co-ordinating board for each of the three sectors of post-secondary education – one for universities, one for Colleges of Applied Arts and Technology, and one for the informal agencies of education including museums, theatres and public libraries. Then the Report virtually ensures that all these sectors will be adversaries competing with one another for government funds by recommending a Senior Advisory Committee "to advise the Minister on allocation of funds between various sectors of post-secondary education upon receipt of requests from the three co-ordinating boards".

Instead of throwing the apple of discord among the three sectors in this fashion and attempting to centralize decisions on the post-secondary educational process for a population of over eight million with diverse needs, the Commission would have done well to consider some devolution on a regional basis.

While it may be advantageous for each sector of post-secondary education to have a distinctive role, the public in a geographic area of the province is likely to be best served if the institutions and informal agencies of that region work in close collaboration to achieve effective shared use of resources, to avoid duplication of programs and to facilitate transferability of experience. Rather than the addition of further central control mechanisms, I should like to see regional boards established, each with responsibility for co-ordinating all the post-secondary educational facilities as a regional educational resource. This arrangement would give room for diversity instead of tending towards conformity as invariably results from central control. Although decentralization involving real delegation of authority is administratively less tidy, it has certain advantages. It would bring about economies through the pooling of educational resources and would furnish motivation for such pooling. It would permit more direct participation of the citizens affected by the policy decisions and programs and would make the whole system more responsive to local needs. For example, it would facilitate very different approaches in the sparsely populated areas of Northern Ontario where the great distances and the high proportion of educationally disadvantaged people require different programs from those appropriate to the semi-urbanized Southwestern areas of the province. Laurentian University has made this point with striking force.

In keeping with the growing popular desire for involvement and participation, the recent trend in Ontario has been to decentralize authority to regional and/or district levels in publicly supported services such as education, health, and hospitals, which are of direct concern to the community. In the health field with which I am most familiar, such regional planning has been taking place in the province for five years with considerable success, in achieving functional co-operation at the operating level. Area-wide patterns of co-operation of universities, colleges of applied arts and technology, teaching hospitals and health agencies, are well established in Hamilton, Kingston, London and Ottawa. The Wright Commission seems for some reason to have overlooked this phenomenon in its survey of the province.

The Metro region represents a special problem and has come to be regarded as the exception to almost every rule in regional planning, not because its citizens have intrinsic claims to special treatment but because of the sheer size and complexity compared with any other region. It is one thing to sit down in Hamilton with representatives from Mohawk College of Applied Arts and Technology, McMaster University and four Hamilton hospitals. It is something else again to envisage a working level exchange of information and proposals at a meeting consisting of representatives of Toronto and York Universities, Glendon, Scarborough and Erindale Colleges, Ryerson Polytechnical Institute, Seneca, Humber, Centennial and George Brown Colleges of Applied Arts and Technology, the Ontario Institute for Studies in Education, Lakeshore and Toronto Teachers' Colleges, The Clarke Institute of Psychiatry and nine teaching hospitals affiliated with the University of Toronto, the fourteen Schools of Nursing, the Royal Ontario Museum, the Metro and Toronto Library Boards, the Art Gallery of Ontario and the Ontario College of Art. Perhaps, the Empire Club should be included as well. The profusion of resources does not invalidate the regional approach. Indeed it reinforces the need for it but it calls for a variant of the all-inclusive regional board – perhaps functional sub-units emphasizing specific fields where the greatest benefit might be expected.

Reference to the size and complexity of Metro is a sobering reminder to me of the size and complexity of the University of Toronto itself. The University's total population including staff, students and employees is about the size of Peterborough or Guelph, and its operating budget approximates that of Goodyear Tire, Falconbridge or Canron; it used more kilowatts of electric power last year than Owen Sound. It includes over a hundred separate administrative units – colleges, faculties, centres, institutes, departments and so on – which in tradition, in interest, in size and in geographic location are about as diverse a collection of enterprises as are imaginable within a single organization. In such circumstances, there is an overwhelming urge to standardize and simplify. But at the same time, one is forced to recognize that in an institution of this size, diversity is a strength and undue centralization could undermine the objective of participation of students, faculty and staff on a human scale which the present system of colleges, etc., permits.

Participation is a major feature of the new Governing

Council of the University of Toronto. This will be the first time that all the various estates of an Ontario university will have a duly constituted body in whose formation they have had a share and in whose deliberations they will have a voice. It is a courageous venture in participatory democracy, and will be a test of the responsibility of all concerned. Delay or obstruction by any special interest group could cause the governing process to grind to a halt; there is obviously a need for enormous good will, intelligence, and dedication to the institution and the community it serves. It will be essential to avoid subverting the decisions of the Governing Council by reacting to pressures brought to bear outside the governing structure. On the other hand, if the duly constituted body is not responsive to changing needs, it will become obsolete in short order. It cannot be used as an agent to preserve the *status quo*.

In this new development in university government it is appropriate for the University of Toronto to pioneer. Those of us working in other institutions in the province recognize the leadership given by the University of Toronto in introducing greater flexibility into its admission requirements and its teaching programs. Among the schools of the province it has the reputation of having tough standards, and yet the number of confirmed applications for freshman admission, as of this date, is up by more than a thousand over last year – this at a time when many institutions are short of students. Now it is about to embark upon another pioneering experiment – the new scheme of university governance that I have described.

This experiment has relevance, I suggest, far beyond the academic world. The ground-swell of participatory democracy, and the inevitability of change, are two factors that are not confined to educational institutions. They impinge on the affairs of practically every organization in today's society. There is "people involvement" in municipal affairs, in political parties, in professional associations, even in business and industry where the board-room decisions taken behind closed doors are no longer immune from challenge. With change as the order of the day, the response to change and the setting of new priorities have to be reached through wider consultation with those affected; and the indices of success are not simple ones. This is why I believe the experiment at the University of Toronto has wide implications. It deserves your interest, understanding and support.

Dr. Evans was thanked on behalf of The Empire Club of Canada by Mr. Donald W. Bath.

EDITOR'S NOTE: For some time there had been concern over the mounting cost of post-secondary education which in Ontario was costing approximately $771-million from public funds in 1972 compared with only $92-million a decade ago. In 1969, the then Minister of Education, The Honourable William Davis, appointed Dr. Douglas T. Wright head of the Province's Committee on University Affairs to chair a Commission on Post-Secondary Education in Ontario.

The highly controversial Wright Report recommended that all Ontario residents who had not received and did not wish to receive a university education, be eligible for a cash grant to buy their own alternative "educational or cultural services" as long as such expenditure was "socially useful". Tuition fees would be raised for all students except for those from the lower income groups. A number of government-appointed "co-ordinating boards" were to be set up which, according to most observers, would foreshadow greater Provincial control over the universities.

The Wright Report immediately ran into a good deal of criticism from many in the academic community. The President's Council of the University of Toronto described the Report as "anti-intellectual" and "entirely consistent with the conception that motivated the Cultural Revolution *in China". Many felt that the autonomy of the universities was being threatened and that academic freedom long considered a cherished right was being challenged.*

Proponents of the Wright Report, on the other hand, felt that academic freedom, taken to its extreme, could mean selfish professionalism and an abolition of social responsibility, and at the administrative level, the right to spend public funds without accountability.

Dr. John Evans had only recently been appointed the new President of the University of Toronto and at the time of this Address, had not yet assumed his new responsibilities. As President-Designate of Canada's largest University, his views on the Wright Report were anxiously awaited by those who were following the debate over the future of post-secondary education.

APRIL 20, 1972

President's Report–Annual General Meeting

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Before turning to our regular business, our members have all received notice that this meeting is also the Annual Meeting of The Empire Club of Canada. I therefore would like at this time to respectfully submit my annual report for the year ending April 1972.

We have indeed been fortunate this season in having speakers of not only particular distinction, but having as our guests, gentlemen whose addresses were extremely topical as well.

Out of twenty-nine speakers at our regular weekly luncheon meetings, fully eighteen of them had to do with politics or some aspect of government service. Although this was more in this general area than has been our custom, it is perhaps indicative of the fact that more and more major decisions affecting business, the economy, our life in general are now being made by governments.

In the field of federal politics, we heard addresses by The Honourable Robert Stanfield, David Lewis, M.P., and The Honourable John Turner who gave the views of the three major political parties. On the provincial scene, we heard from Premier William Davis, Opposition Leader Robert Nixon and Premier Regan of Nova Scotia. We were favoured by listening to The Honourable Donald S. MacDonald on Canada's new defence policy; John Young of the Prices and Incomes Commission; Arthur Smith, late of the

Canadian Economic Council; The Honourable David Croll of the Senate Poverty Commission; Tony Hampson of the Canada Development Corporation; Pierre Juneau of the Canadian Radio and Television Commission; Gerald LeDain of the Commision of Enquiry Into Drugs; Maurice Strong of the United Nations Organization; and Bruce Legge of the Workmen's Compensation Board.

To give a total overview of the current political scene, we had the distinguished journalist and commentator, Peter Newman; and to give the statesman-like approach which comes from those who have gone before, we heard Addresses from former Prime Ministers The Right Honourable John Diefenbaker, and our guest today, The Honourable John Robarts.

The international financial crisis was much in our minds during 1971–1972 with all its attendant effects on U.S.-Canadian relations. In addition to many of our more political guests commenting on aspects of this problem, we heard a debate between Jack McClelland, President of the Committee for an Independent Canada, and Robert MacIntosh, of The Bank of Nova Scotia on the question of foreign ownership. We also received the benefit of the views of such distinguished men as the international economist, Dr. Pierre Rinfret as well as bankers, David Rockefeller of New York and Earle McLaughlin from Montreal.

The field of culture was discussed at the Art Gallery of Ontario Luncheon with Henry Moore and Edmund Bovey, and the literary arts by Dr. Robertson Davies of Massey College. The world of religion was covered by the Archbishop of Canterbury and two weeks from today, His Eminence, Cardinal Léger. The world of education was explored by Dr. John Evans of The University of Toronto. We were once again honoured by the presence of our Lieutenant-Governor, The Honourable Ross MacDonald, at our annual Christmas Party. To give his views on everything under the sun, we had the pleasure of hearing an address from our own native Peer, The Right Honourable

Lord Thomson of Fleet. Average attendance at our weekly luncheon meetings was a record 324.

On the financial side of the ledger, I am happy to announce that our Club operated at a profit for the second year in succession and had a surplus on the current year's operations of $10,495.

This profit figure is after making allowance for the Club Members' share of the Empire Club Yearbook and reflects the stringent economies instituted two years ago but also reflects a very significant increase in new members joining our Club for the first time.

The Members' equity account now stands at approximately $8,322 compared with $510 at the beginning of the year and a deficit of $7,716 in the Members' equity account two years ago.

570 new members joined The Empire Club during the current Season and after taking into account deaths, resignations, etc., our membership roster now stands at 2,486 compared with approximately 2,150 a year ago.

If I might add a personal note, I would like to say that the successful financial operations during the current year should not lull the members into any feeling of complacency. In order for a Club such as this to survive, it is essential that at least 500 new members join our ranks each year in order to take the place of deaths and resignations and also to meet rising costs.

As in other organizations, members do not join automatically, they must be asked. I know that you will share the conviction of your officers and directors that if a Club such as The Empire Club of Canada is to continue to provide a worthwhile contribution, it is encumbent on each and everyone of us to constantly expose the benefits of membership in this great and historic Club to the new generation of business and professional men who are continuing to enlarge our downtown business community.

In closing, I wish to express my personal appreciation to the officers, past presidents, and directors, our Club secretary and to my own secretary without whose co-operation this year would not have been successful. I should perhaps mention names, but I would run the risk of leaving out the many, so I will simply say to each and everyone, my sincere thanks for making our 1971–72 season, at least for myself, a most personally rewarding experience.

I respectfully submit this report.

MR. JACKMAN:

I would now like to call on Mr. John Griffin, a Past-President of The Empire Club of Canada and currently President of the Board of Trustees of The Empire Club Foundation, to report to you on the activities of the Foundation.

MR. GRIFFIN:

Members and Guests of The Empire Club of Canada:

I have deliberately chosen to begin with the opening formula which I last used on this platform at my own Annual Meeting nineteen years ago. The speed of change in those years has been so fast that we wouldn't believe it if we hadn't lived through it.

Nineteen years ago many things were settled in one direction and are now firmly settled in another direction. Nineteen years ago when we referred to the National Anthem nobody had any doubt that we meant "God Save the Queen". Nineteen years ago people who flew a flag flew the Union Jack (apart from a few radicals who flew the Canadian Red Ensign). Nineteen years ago John Robarts was not yet even a rising young politician.

One unchanging Canadian institution that keeps track of the changing world is The Empire Club Year Book, published annually without interruption since 1904. In it we find the record of our times, not as written later by an historian but as put on the record and *in* the record by the do-ers of our era – the men, in all walks of life, who guide our destinies and mold the shape of things to come.

The Empire Club Foundation was established to ensure that this increasingly-valuable piece of Canadiana – our Year Book – not only survives but goes on to be more useful than its originators ever imagined. Our immediate goal is to be able to print enough Year Books to give a complimentary copy to every public, high school and post-secondary school library in Canada. To do this we need your support, support which will help us to put this unique record within the reach of all the young people of this country.

As funds permit we intend to encourage young people to acquire a deeper understanding of our country's past splendour, her present problems and her magnificent potential. This will be done with scholarships, essay contests and similar incentive methods.

As has been the case the last two years members of the Club will be given the opportunity to make their tax-deductible donation to the Foundation when they pay their Club fees. We are currently approaching a selected list of public-spirited business concerns seeking their support on a somewhat larger, but still modest scale. Please help us in this cause.

MR. JACKMAN:

I would now like to call on our Immediate Past-President, Dr. Harold Cranfield, to present the Report of the Nominating Committee.

DR. CRANFIELD:

Mr. President, Your Board of Directors appointed the following nine men as the Nominating Committee for this Annual Meeting:

(a) *From the Board of Directors (five)*

1. Dr. Clarence Crummey
2. Mr. Peter Hermant
3. Dr. James Parish

4. Lt. Col. John G. B. Strathy
5. Dr. Harold V. Cranfield (Chairman)

(b) *From the General Membership (four)*

1. Mr. Arthur Inwood
2. B/Gen. Bruce J. Legge
3. Col. E. A. Royce
4. Rev. J. Robert Watt

(c) *Ex officio*

1. The President Mr. H. N. R. Jackman who serves ex officio on all committees.

Your committee met twice and after soberly considering its responsibilities brings you the result of its deliberations as follows:

The Honorary President is His Excellency the Governor General of Canada, The Rt. Hon. Roland Michener, C.C., P.C., Q.C., LL.D.

The Honorary Vice-President is His Honour W. Ross Macdonald, Lieutenant Governor of Ontario.

(The Board of Directors by regulation is composed of four officers, four past presidents and thirty-two who serve as directors-at-large.) Of the thirty-two directors twenty-two who were serving last year have agreed to continue.

These are:

1. Sheriff Philip J. Ambrose
2. Mr. Donald H. Bath
3. Sir Arthur Chetwynd Bt.
4. Mr. Alfred H. Cowling
5. Dr. Clarence B. Crummey
6. Mr. Ross DeGeer
7. Dr. Emerson C. Dowd
8. Mr. Gordon E. Grundy
9. Mr. Peter Hermant
10. Mr. Charles C. Hoffman
11. Lt. Col. Peter W. Hunter, C.D.
12. Mr. R. W. Inglis
13. Mr. William M. Karn

14. The Hon. Allen F. Lawrence, Q.C., M.P.P.
15. Mr. H. Allan Leal, Q.C., LL.D.
16. Mr. J. R. Massingham
17. Mr. James Mackey
18. Mr. W. Malcolm McIntyre
19. Dr. James A. Parish
20. Mr. George O. Stafford
21. G/Capt. R. C. A. Waddell, D.S.O., D.F.C.
22. Mr. William Whiteacre, M.M., C.D., Q.C.

The Club has been enriched by their wisdom, devotion and zeal. By adding the ten directors whose names follow alphabetically, we believe that we have strengthened the directorate even further. This selection is the choice of your Nominating Committee and each nominee has graciously accepted and agreed to serve if elected:

1. Alderman Willis Blair – an insurance executive with Canada Life Insurance Company.
2. Mr. Marcel Desautels, B.A., LL.M. – General Manager of Creditel of Canada Limited (The Canadian Competitor to Dunn & Bradstreet). He is himself an example of biculturalism and bilingualism of the highest order.
3. Mr. Carlyle Dunbar of the Editorial staff "The Financial Post". Those familiar with the history of the Empire Club will recall Mr. Hamish McGeachy from "The Financial Post" who became a director fifteen years ago. Following him came Mr. John Irwin of the same institution and now we have continuing the 15 years of directorate service from this famous newspaper by the addition of Mr. Dunbar.
4. Lieut. Comdr. Hugh R. Franks, C.D. – a Registered Representative with Dominion Securities Corporation.
5. Mr. Warren Goldring – Executive Vice-President of A.G.F. Management Limited and a son of the distinguished Dr. C. C. Goldring, President of The Empire Club in the year 1955–56.

6. Mr. James Alexander Langford, Q.C. – a partner in the law firm of Miller, Thomson, Hicks, Sedgewick, Lewis and Healey.
7. Col. Reginald Lewis – Secretary-Treasurer of the Parking Authority of Toronto and a Staff Officer of Toronto District Militia.
8. Mr. Vladin Milac – an architect with the well known firm of Gordon S. Adamson and Associates.
9. The Honourable John P. Robarts, P.C., Q.C., LL.D. – former Prime Minister of Ontario. Now a tax expert with the legal firm, Stikeman, Elliott, Robarts and Bowman.
10. Rev. J. Robert Watt – Pastor of Trinity United Church, Toronto, and for many years a popular member of The Empire Club Reception Committee.

The Constittuion does *not* require that the following eight of our officers be directors as well.

1. Mr. Ronald Goodall – Secretary-Treasurer, an auditor with all the background needed to keep our financial affairs in order. In this post he succeeds G/Capt. Waddell who served faithfully in this demanding office for two years and who continues as a Director.
2. His Worship Mayor Dennison – Our Honorary Secretary.
3. Mr. Marvin B. Gelber – our Honorary Treasurer.
4. Mr. Norman Borins, Q.C. – our Honorary Assistant Secretary.
5. Very Rev. Ernest M. Howse, S.T.M., Ph.D., D.D., Litt.D. – Honorary Assistant Treasurer who succeeds R. Ford Ralph who retired this year after many many years of faithful service to the Empire Club.
6. Mr. Harry T. Jamieson – our Honorary Auditor. Mr. Jamieson has graciously agreed to serve his 47th gratuitous term in this office.
7. Mr. Ernest Miles – our Honorary Historian. For many years Mr. Miles was invaluable as Secretary to the Empire Club and continues his unselfish service.

8. Mr. Jack Corrigan, Q.C. – Honorary Solicitor. This new post merely recognizes what John Corrigan has been for many years, our solicitor, without whom we would not have such a wisely-designed constitution.

There remains only then my duty to report on the four nominations for the senior executive posts. Your committee was most fortunate in being able to persuade Mr. Robert Armstrong to move up to First Vice-President from the Third Vice-President post in which capacity he was outstanding. Mr. Armstrong is General Manager of Guaranty Trust Company of Canada.

For the position of Second Vice-President your committee have selected Lt. Colonel John G. B. Strathy and with some modest reluctance he has been persuaded to act. John Strathy is Vice-President and Treasurer of the Associates Acceptance Company Limited and the son of Col. J. G. K. Strathy, a loyal director from other years.

The Third Vice-President post has been graciously accepted by Mr. Hartland McDougall whose appointment with the Bank of Montreal is Vice-President – Ontario Region – a position formerly held by Col. E. A. Royce, the illustrious past president of the Club in the year 1965–66.

The Star of the Empire Club continues to rise by the efforts of men like these. General Potts, the father of the man about to take over the great responsibility of being President, once pinned a number of medals on my chest with these words, "They aren't worn as one does a sporran you know! You need not wear them to hide your appendix scar, put them up here, a hand's breadth below your shoulder." Ever since then, my paltry proof of allegiance to our Queen has been worn well above my heart. Such was my introduction to General Potts!

His son, Joseph H. Potts, C.D., Q.C., is a respected member of the legal firm of McKinnon, McTaggart. He is eminently suited to become the 70th President of The Empire Club. The 69th President therefore moves to the past-presidency. In doing so President Henry N. R. Jackman leaves a proud heritage to his successor. By every measurement, the year 1971–72 for the Empire Club of Canada has been in keeping with our finest traditions. Our first purpose, to bring speakers of distinction to the platform all with timely subjects, Mr. Jackman has fulfilled completely. The introduction of each to the audience by our President has been a gem of rare perfection. The audiences have been in attendance in such numbers as to make the President proud. Their reception of the addresses has been consistently enthusiastic. Our membership numbers have grown as well and our financial position continues to be secure. President Jackman's leadership has instilled in his officers and Board of Directors a high sense of duty and loyalty. He can therefore set aside his mantle of authority, secure in the knowledge that he has been everything we knew he would be a year ago.

I shall soon welcome him to The Empire Club elite whom he now joins – the Past Presidents. Here he will continue to serve on the Board of Directors along with Mr. Graham M. Gore, Mr. H. Ian Macdonald and last year's president. Now, Mr. President, if it be your wish I move the acceptance and adoption of the report of the Nominating Committee.

MR. JACKMAN:

Are there any other nominations?

(None being put forward)

All those in favour of the motion please say, "Aye". I declare the motion carried and ask the Secretary-Treasurer, Group Captain R. C. A. Waddell, to cast one ballot in favour of those members named in the Report of the Nominating Committee.

GROUP CAPTAIN WADDELL:

"In accordance with the instructions of the Chairman, I hereby cast one ballot in favour of the election of those members named in the Report of the Nominating Committee, as attached, and as bearing my signature."

MR. JACKMAN:

I declare the members named to be elected Directors of The Empire Club of Canada for the year 1972–1973 and Mr. H. T. Jamieson to be appointed Honorary Auditor for the year.

APRIL 20, 1972

Some Comments After One Year's Contemplation

AN ADDRESS BY The Honourable John P. Robarts,
P.C., Q.C., LL.D., FORMER
PRIME MINISTER OF ONTARIO

CHAIRMAN The President,
Henry N. R. Jackman

MR. JACKMAN:

Now that I am speaking to you as your Immediate Past-President, I want to assure you that no member of the Club welcomes the election of a new President with as much enthusiasm or best wishes as the immediately retiring President.

Our new President, Major Joseph Potts, C.D., Q.C., is the first President in many years to be a prominent member of the Liberal Party establishment. He is also the first President since 1914 to wear a beard.

Far be it for me to suggest that there is any correlation between these two distinguishing characteristics of The Empire Club's 70th President but I do, in all sincerity, want to wish him the very best in the job that he has now undertaken and the success in the coming year that I know will be his.

I know that all of you are delighted to note that one of our new Directors elected to the Board for the first time today, is our guest of honour, The Honourable John P. Robarts, Prime Minister of our Province from 1961 to

1971, a period which corresponded with Ontario's greatest growth.

He was born in Alberta but moved to Western Ontario where he completed his higher education at The University of Western Ontario and at Osgoode Hall. He spent five years serving his country with distinction in the Royal Canadian Navy, and after completing his legal training after the war, entered municipal politics in London in 1951.

The same year he was elected to the Ontario Legislature for London North. He entered the Cabinet in 1958, becoming Minister of Education in 1959 and then Prime Minister in 1961.

To elaborate on the accomplishments of the Robarts' Administration during the decade of the 1960's would be a task well beyond the time which is allotted to me today. It is sufficient to say, however, that now that he has left partisan politics, there can be little doubt that in the minds of all of us, regardless of our political persuasions, that his Administration must truly rank as one of the greatest that this Province has ever had. Now after twenty years of public service, he has retired from political office and once again resumed the practice of law.

Although perhaps now not as much in the limelight as he once was, I know you will agree with me that a man of his ability and accomplishments can never be entirely lost to Canada.

Although he will be speaking to us today with the serene-like detachment which comes from the sure and certain knowledge that he need never face the electors again, I sincerely hope that in the coming years, we may yet see John Robarts once again in some further public capacity.

It is with great pleasure, therefore, that I present to you at this final meeting of The Empire Club's 1971–1972 Season, The Honourable John P. Robarts, Former Prime Minister of Ontario.

THE HON. JOHN P. ROBARTS:

Mr. Chairman, honoured guests at the head table, ladies and gentlemen. It is a pleasure for me to be back in this room at this table and to see so many old friends here. I would not care to try to enumerate the number of times that I have tried to communicate with people from this precise spot and from the shelter of this lectern, with a wide variety of audiences, and on a wide variety of subjects; many types of audiences, political and non-political, very partisan, sometimes slightly hostile but I have to say always very interesting.

I haven't made very many speeches recently and as I look over the group here I see a couple of my former speech writers down in the audience. Now I assure you they had nothing to do with this speech and I am quite sure whether I want it or not I will get some critical comments when I finish. It is a bit of a change, you know, to have to do some of these things yourself. When I started out in the beginning of my political career I used to laboriously write all my own speeches. However, we might as well face the fact of the speech writer in the politician's life because you simply run out of time in terms of the number of times you are asked to be on your feet and you seek assistance where you can get it and I had what I thought was a pretty efficient group to deal with the speech problem. When you are delivering two or three or four speeches a week you do need a good deal of assistance and I must admit I kind of miss it on this occasion.

I really didn't know what I was going to say when your President asked me what the subject of my speech would be so it was with tongue in cheek that I said "Some Comments after One Year's Contemplation". I didn't have the faintest idea what I was going to speak to you about and I thought with that rather broad title I could do pretty much as I wished. Also I don't think I have been doing a great deal of contemplating in the last year but I did want the latitude that that topic would give me so that I could perhaps wander around a bit. If I do appear to wander, well, accept it, because I will be in fact wandering. I am not subject to the discipline that my staff used to impose upon me when they wanted to make sure that I got my public policy straight because I am out of the public policy business now and I just need to communicate to you, if I can, some of my ideas and thoughts on some of the things that are going on in our country today.

It is thirteen months and twenty days to be exact since I turned the reins of government over to my very good friend and able colleague Bill Davis. It is just about five months since I left the Legislature where I had spent about twenty years of my life. Twenty years is a long time. I must say in all sincerity that my first reaction as I look back over that period of twenty years is one of really quite intense satisfaction; not satisfaction in the sense that I am filled with pride in what we may have accomplished. It is more the satisfaction of having had an opportunity of participating over that period of time in the life of our Province and of course through this Province in the life of the whole country.

It was a very active period, the fifties and the sixties; a period of very intense change. I don't know how many men or women embark on a political career with the idea that they will become professionals in the sense that it will be a life-long occupation. Certainly when I started I had no intention of staying for twenty years and I must admit I really had very little intention or expectation of ever leading the Government. However the way events worked out I did stay for twenty years. But I have always had in my mind and heart a faint mistrust of the truly professional politician, the man who looks upon it as a lifetime avocation and a job that he wants, and wants to have, forever. I think our democratic system is much better served when individuals bring to some of our political offices the skills and ability that our society has given to them in their normal occupation, when they bring their enthusiasm and their own ideas and they give them to society for a period of time and then they pack their tents and disappear back to the life that they have previously lived. It seems to me that this is the true essence of democracy if we are to have elected representatives who do in fact represent the people that do and have elected them.

I have had this theory for many years and I am happy to say that I was able to practice it. I find an increasing dislike for the tendency that I see creeping in whereby it is being openly stated that decisions in the public field are being made purely against the standard of what effect it will have in the next election. I am afraid that there is a greater tendency for that standard to be used in the minds of men who are truly professional politicians, than with the type of man that I suggest I think we need who simply comes and goes and does his best and really is not too desperately afraid of being defeated at the polls in case he should go wrong. That is not to say it is not completely appropriate that one should seek to perpetuate one's own ideas and policies through winning a succession of elections. On the other hand I do think that proper political judgment should not be placed against the standard of votes. I feel that objectivity is difficult enough to attain at all times but it is a very necessary ingredient in the political decisions that are being made in our increasingly complex political system today.

Anyway that is the situation when I left twenty years of political activity. It is rather odd, you know, because that twenty years of experience disappears in terms of a working instrument in one day because one day you are using it and the next day you are not. There are no telephone calls, there are no delegations, there are no Cabinet meetings, there are no decisions to be made and it is rather an odd feeling but I must say I have gone back to my old life – my former life, if I can put it that way – with some enthusiasm and with no regrets and I am very happy to tell you I am very happy to be where I am.

I am enjoying the relative anonymity of private life, if it can be that. I have become a great subway rider and I talk to most everybody on the subway so I am not completely anonymous yet. I am finding my associations in the law and in the business world to be very satisfying and I am enjoying myself very much indeed. I am finding also there are all kinds of opportunities to serve in a public way in the private sector, if I can put it that way. I really had not realized how manifold the organizations were that seem to all need assistance right now. There are many of them and one should never be stuck for an opportunity to do some good in some of these areas if one chooses so to do.

Finally, and I will get off the personal aspect of this, you might be interested to know that I have re-established contact with my family and I am having my horizons considerably broadened by a very close association with two very active and very opinionated teenagers. This I might say I am enjoying but I didn't realize how little I knew about that particular sector of our society. I had been somewhat isolated from it for some time.

I have opinions on about everything in the world, I guess, as everyone does. I thought I might mention one or two things to you today, keeping my eye on the time. I suppose the great basic Canadian problem is the question of the mere fact of Canada as an entity; what has been referred to over the years as Canadian unity, really the whole problem of Canada as a country. The great debates of the sixties seem to have died down. I think that they revolved around events in the Province of Quebec particularly and also revolved around the fact of our Centennial year in 1967. I detect now a flowing away of public interest in this whole question of Canadian unity and I say to myself is this because we have solved the problem or is it because the problem has solved itself or has the problem just simply gone away. Unfortunately I don't think that any of these propositions are true. In fact I think that the problem is just as acute as it ever was and as troublesome and I think it is in just as much need of attention but what I detect is a certain lassitude, perhaps, in the public, a disinterest, a disillusionment; almost an attitude of boredom. It seems just to be being by-passed at the moment but I don't think any of this will have any effect on what the final outcome will be.

Certainly there is disenchantment in Western Canada, which I think is quite obvious, towards Eastern Canada. The situation in the Maritimes is no better. The Quebec separatist problem is in no way going away. In fact my reading indicates to me that the separatists there are going ahead very firmly and in great detail to establish their position and lay the groundwork for a separate Quebec if they are able to bring this into being. I don't think they will be able to, and I want to make that very clear, but I also want to make it clear that the movement in Quebec is certainly not dead. What worries me is the lack of awareness perhaps in English speaking Canada of some of these events and perhaps the lack of awareness in Ontario as to what is bothering Western Canadians and the lack of awareness in Western Canada as to some of the problems in Eastern Canada.

Now this lack of interest and awareness may be attributed to several things. First of all, I think the predominance of the French Canadian influence in the Government of Canada has tended to take the French problem and place it almost in the context of a dispute between Ottawa and Quebec City and this is being done to the exclusion of the rest of Canada. I don't suggest that this is a deliberate policy. I think it just naturally flows from what has happened politically in our country. I might say that I deplore it because the future of Quebec is of intense personal interest in any way that you may choose to describe it for every individual in Canada from coast to coast but I don't think that our people are necessarily being involved in these problems.

I don't think there is enough public discussion and I am afraid that one day we may be somewhat rudely awakened by events that we may not be necessarily anticipating at the moment.

Now I think too this attitude may have developed among our people because of the inconclusiveness of the various debates we had in the sixties. The Constitutional Conferences did not produce nice, neat and tidy, cut and dried, answers. They did not produce firm positions that everybody could grasp and understand but I don't think that that is any reason why the pursuit of these matters should cease and that we should not be devoting our attention to it from coast to coast. I always have a worry of losing by default. It would be a shame to lose anything because you simply didn't recognize the problem and do something about it when you had an opportunity.

I am afraid I haven't got any particular ideas as to how we overcome this, as to how we once again get the Canadian people discussing freely and fully the problems of Canadians from coast to coast. I don't limit my remarks only to Quebec. It is next door to us and we are aware of it but certainly you need only to read the papers to see, for instance, that British Columbia is not exactly happy with the total events of Canadian life, nor is Western Canada.

Well, enough of that. I am afraid, as I say, I haven't any ideas but I don't have to produce the ideas now. I just throw the thoughts out and somebody else can find out how these problems should be dealt with.

It is impossible to view the Ontario and the Canadian scene today without observing the degree to which the strike weapon is being used in our society to disrupt in fact our total society. If you are going to take any look at present events here you cannot simply overlook this situation.

I have been very interested recently in the comments that have been coming from Mr. Meaney, the head of the AFL CIO in the United States, to the effect that he thinks strikes are out-moded as a means of settling industrial disputes. Coming from him I think that idea has got to have a lot of clout because he is a very militant labour man and certainly he is not advocating any course of action that he thinks would be detrimental to the people he represents.

In my view the events in the Province of Quebec and the situation here in Toronto . . . I mention Quebec only because that happens to be current . . . but you can look at all kinds of situations in the last few months. I think we really have to give this a good deal of attention.

I recall in the early sixties we here in Ontario passed legislation removing from the civil servants in Ontario the right to strike and, of course, in the same legislation we agreed on an impartial grievance procedure in order that we would give the inalienable right to the civil servant for true protection in his job. We also provided in that legislation for compulsory arbitration in the field of salary negotiations and disputes.

Now that was in the early sixties and this has functioned in this Province I think very well. It took us a few years to work out the wrinkles and to get everyone to accept it but it has worked and it has worked well and I am not aware of any serious complaints about it.

At precisely the time that we were doing that in Ontario the Government of Canada and the Province of Quebec were amending their legislation to give their civil servants the right to strike and all I say to you is if you give a man a new toy you must expect him to play with it. There was a divergence, of course, of thinking in the Governments, as illustrated by what I have said. I think that the results are pretty apparent today.

I think that the strike weapon, if one can call it that, has developed far beyond the area of the original intent. It was developed, of course, in order to exert pressure between two parties who were in dispute and with that, of course, I have no quarrel. In the early days of strikes the dispute was eventually settled between the two parties involved.

What is happening now in most of our disputes today is strikes are directed against everyone in the community. Strikes are now directed against the general public. They are not directed against the employer. The pressure is not being brought only on the employer to meet the demands of his workers. As I say this is a legitimate way of settling a dispute under our laws but I think the time has come when it is no longer going to be legitimate for these strikes to be directed against the total society, against the innocent third, fourth, fifth, sixth, one hundred times removed party. In my opinion we cannot go on with this development.

Part of it is due, of course, to the increasing complexity of our society and the interdependence of groups upon groups.

For instance the last time we had a trucking strike, which was some years ago, I recall receiving letters from small merchants. I think the strike was here in Toronto but these were letters from small merchants in small towns all over Ontario who couldn't get inventory to sell because there were no trucks to bring it in. Now there is the third party suffering and it is the clearest way I can explain it. You need to simply think of what is going on in the CBC today, which has got to be a situation that is pretty ridiculous. Think about the strikes by the Air Controllers and so on. You know the pressure was not brought on Air Canada by the Air Controllers, the pressure was brought on you and me as air travellers and all of society is held hostage and this is now the accepted approach.

When I read that the strikers in Montreal, for instance, took their cars and tied up all the traffic on a major bridge at rush hour . . . what has that got to do with the dispute between the employer and the employee? It is, as I say, a method of affecting and pressuring the total society.

Some years ago we asked Mr. Justice Rand, the very brilliant, brilliant innovator, to settle this whole matter and he produced a report. That report, I felt, was perhaps a little bit ahead of its time but he offered Charles MacNaughton and I alternatives in that report. I have an idea it might be about time to take that report out, dust it off and have another look at it because sooner or later, of course, the general public are simply going to insist that something be done so they will not be drawn into every dispute that may occur between employer and employee.

Now I may have left politics but I don't know how non-partisan I am, Hal. I have to say that to you because I was very interested in reading last night's *Star* when Mr. Munroe, the Minister of Health, issued a warning in which he said we could not afford the bill for health care. So what else is new, Charles? We were telling them that for some considerable time and it is rather interesting to see what there is in this. I am not going to quote too many statistics but one needs to understand it . . .

> "Health costs are going up at the rate of about 13 per cent a year, which is 50 per cent more than the growth of the general economy. The total bill for health is expected to triple in the next 10 years."

I will stop right there and simply say to you well, of course, that is impossible. There is no way that our society can accept that type of increase in costs so something is going to have to be done about it. If it were not such a desperately serious thing for our economy and for our country I might be tempted to say "We told you so". No doubt some of you at least remember the debates and the battles that we went through when we tried to alter the plan that we are labouring under now. We tried to preserve the plan that we had introduced and which I am sure would not have led us to the situation that Mr. Munroe is discussing now.

I recall being criticized because I used the term "Machiavellian" on television once in reference to all this. That may have been a little strong but I am afraid that I cannot forget that that plan was passed against the expressed wishes of nine out of ten provinces. It was put into effect anyway and it seems to me that now the time has come to pay the piper and I don't think we are going to enjoy it very much.

I just think that it is going to take some pretty rough surgery (and that is a very poor pun, I suppose) to rectify this situation but it must be done. The fact of the matter is in a very blind sort of rush it seems to me in order to be all things to all people we have over-extended ourselves and our economy. We are placing strains on our ability to produce wealth, to create jobs and to be competitive internationally. It seems to me that what we must consider in this country right now is a pause in this mad rush to a socialistic Utopia. I think it is time we slowed up and got our feet underneath us, time that we created a little wealth before we decided to spend it. I think that one of our major problems is going to be to provide proper work and occupation for our people; jobs and things to do that are meaningful. I think that we need to put our economic affairs in order and we better not take on any more additional what I call somewhat socialistic spending policies until we straighten out what we have here in the health field and straighten out a few other things.

I am very concerned about the place that our young people will find in our society. We have created an educational system that by and large is good. It has its weaknesses, of course, but I think it compares favourably with anything any place else in the Western world and our young people have done their part. We have exhorted them to stay in school; we have told them they needed an education and they have so done. They have filled our high schools, they have filled our universities, they have filled our community colleges and they have, so to speak, carried out their part of the bargain. Now we have to carry out our part of the bargain and there has got to be a place for them in our society when they come out of school. In order to do that we have to get our economy moving and get a rate of growth such as we had four or five years ago. We may have to rethink some of our thoughts about jobs. We might have to take a different social approach.

Traditionally, industry and commerce have provided jobs or occupations for our labour force but it seems obvious this may not always be so and we have to take into consideration the fact that technology is reducing in many ways the number of people required.

I am associated with a couple of labour intensive industries and it interests me to see the policies being developed, all directed towards limiting the work force because this is one of the controllable items, of course, in expenses and costs of product.

On the one hand we are striving very hard to get rid of jobs and on the other hand we are faced with the social problem of having to provide at least some form of meaningful occupation to a whole host of very bright young people who will not be content for us to say “We can’t do anything about it”. They will insist that something be done about it.

As we start re-thinking some of our thoughts in this regard we must think in terms of the number of people who will be involved in the Arts, in various cultural activities, the whole world of entertainment, the whole world of providing things for people to do with leisure time. As examples I point out to you the Science Centre and Ontario Place here. These are not industrial or commercial functions in the usual sense but they do provide occupation, they do provide meaningful activities for people.

I don’t know whether our society is spending enough time thinking about how this increased population is going to occupy itself day-by-day in the years that lie ahead. There is already developing a feeling and a theory that continuous economic expansion may not be the right thing for the life that we want to live as people. We may not be able to go on forever creating more and more of everything including jobs.

Now you may accept that as a valid theory but if you do you have to also accept the fact you are going to have a lot of people who are going to have to be accommodated in our society doing something and doing something that is meaningful to them and doing something that will satisfy them. It is a big problem but in my humble opinion it is one that sits right on our doorstep as of now and something that we must look to and something that I am quite sure government is going to have to provide leadership in finding the answer to, and we are going to need some new and very original thinking.

Thank you very much, ladies and gentlemen. I am delighted to be here and to have had this opportunity to talk to you. You will notice that I didn't mention a thing about the election last October and the conclusions that might be drawn from that. Perhaps that will be the subject of a further rambling dissertation on another occasion.

Mr. Robarts was thanked on behalf of The Empire Club of Canada by Mr. A. Ian Macdonald.

MAY 4, 1972

"The Third World"

AN ADDRESS BY His Eminence Paul-Emile,
Cardinal Leger,
C.C., L.TH., J.C.L., S.T.D., LL.D., D.C.L., LITT.D., K.H.S., MISSIONARY PRIEST IN THE REPUBLIC OF CAMEROON, AND FORMER CARDINAL ARCHBISHOP OF MONTREAL

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN The Immediate Past-President,
Henry N. R. Jackman

MR. JACKMAN:

Our distinguished guest, Paul-Emile, Cardinal Leger comes to us today as something more than just a Prince of the Holy Catholic Church – he is a man, who by his example, his life and his philosophy, represents to us all, one man's total commitment to all humanity.

He was born in a small town in Quebec and at a very early age, decided that he could best serve his fellow man as a priest of the Church.

Attending the Seminaries at St. Therese and Montreal and the Canon Law Faculty in Paris, he was ordained a priest in 1929. He became a teacher, first in Paris, and then as Superior at the Seminary in Fukoko, Japan.

In 1939 he returned to Canada to the University of

Montreal and was shortly thereafter made Vicar-General of the Diocese of Valleyfield. In 1940 he went to Rome becoming Rector of the prestigious Canadian College in the Eternal City. In 1947, he returned to Montreal being consecrated Archbishop by His Holiness, and being created Cardinal in 1953.

Like all great religions, the Roman Catholic Faith demands much from its followers and particularly so of its priests. His Eminence himself has said – "to give not just what we have, but what we are".

For in 1967, Paul-Emile Leger, with the approval and blessing of the Pope, reached the conviction that he must give up his responsibilities as Cardinal-Archbishop of Montreal, to go to Africa as a simple priest to work among people who by our standards, live in intolerable poverty.

He became a pioneer – not of our materialistic age – but in the barren ground of the poor, the sick, the depressed and the deprived.

He worked first with lepers and then his activities broadened to include schools for the handicapped, hospitals, initiating new projects, such as co-operatives, small industries and offering specialized skills and training to the local people.

It is perhaps not easy for us to appreciate the challenges that our guest must have faced in Africa where in many areas, the income of a family for a whole year is perhaps less than the price of a ticket for this luncheon today.

Those of you, who are familiar with the legends of our Canadian West – may recall what was said about the late Senator Patrick Burns who was one of the founders of the City of Calgary and made a fortune in meat-packing and ranching in those early days. Patrick Burns had a reputation for hard-headedness in his business dealings but in his later years, he mellowed somewhat and spent most of his later life giving away his fortune.

One day, he was approached by a group of nuns who wanted to build a school for impoverished Indian children.

Burns agreed to their request for assistance and some months later, he was invited to the ceremony officially opening the new school.

At the conclusion of the proceedings, he was asked if he would speak. Now Patrick Burns had never made a public speech before – and after great reluctance on his part and considerable persuasion on the part of the others, he finally rose to his feet. He paused for a moment and then said these words: "I have a lot and I give a little – but you Sisters – you give all you have".

It is in this spirit that The Empire and Canadian Clubs jointly welcome our guest today – et pour ces raisons – j'ai le très grand honneur de vous présenter aujourd'hui – Son Éminence, Paul-Emile, le Cardinal Léger.

HIS EMINENCE, PAUL EMILE CARDINAL LEGER:

I would like to thank you, Mr. Chairman, for your very kind and flattering introduction. At your last meeting you heard a speech from a former Prime Minister of Ontario, and today you are to hear one from a former Archbishop of Montreal. I don't suppose the Empire Club is having a "Be Kind to the Retired Month", but that your organizers thought we might still have something to say; and, perhaps, even, that we weren't very thoroughly retired! Still, there is a certain irony for those who know the history of our country in the juxtaposition of these two speeches.

I say a certain irony, but not an unhappy one. In front of those "prophets of doom" against whom Pope John used to rail, we, as Canadians, can point to the fact that I am here as your guest, a guest who has been treated with every mark of consideration, but who has never made any effort to conceal the fact he is a French Canadian by birth, and a Catholic priest by training and conviction. Now I do not make these points because I want to make a political speech about Canada, but for two rather different reasons.

In the first place, I want to express my gratitude for all the people of Toronto have done for me in so many ways, and to express this within a context which shows I appreciate the very genuine effort made by so many of you to understand what I have tried to do. The support both moral and financial I have had from so many of you here has involved a sensitivity and generosity on your part which is a credit to yourselves and to your own traditions.

And this brings me to the second reason for mentioning the apparent irony of my presence here. It seems to me your invitation, and the support you have given me, is an expression of the Ecumenical Spirit at its best. Someone suggested to me the other day that the Ecumenical movement could be compared to a business concern which was beginning to fail. First of all in an effort to stave off collapse it diversifies, because it has lost confidence in its own specific product. So some Christians get involved in things which don't seem to have too much to do with their vocation as Christians. When diversification fails they seek to amalgamate, evidently on the theory that two dying enterprises will live a bit longer, and that the company pay-roll will be easier to meet. However, having lost confidence in the original product, the new company hasn't much drive, and it ends up in bankruptcy. And that, some people say, is where the Ecumenical movement is going.

Well, this comparison of the Ecumenism movement to a business concern may in fact point up some of the dangers of the movement, but it has nothing to do with what I have always understood by co-operation between people of different religious traditions and racial backgrounds. I have always maintained, and I still do, that genuine co-operation necessitates we know ourselves: so that we can be faithful to that which we cannot compromise; so that we may be brave and generous enough not to hold onto things which do not matter; so that we can understand and respect what really is different in positions other than our own. There are real differences in the world, differences of race, of religion, and of ideology, and nothing is advanced by pretending that this is not so. It is the possibility of co-operation amongst human beings who differ about important things, but who belong to the one family of man, which gives the only realistic basis for co-operation and genuine ecumenism. One of my most generous supporters is a German Protestant Foundation, and you and they have both shown a genuine concern for our fellow man, a concern which is not based on glossing over differences, but, nonetheless a concern which ought surely to light in all of us the hope that men can in fact work together for good, a hope that goes far beyond anything I myself have been able to do.

I would like now to turn your attention for a few minutes to the world situation as I see it from Africa, and if part of what I have to say involves the use of statistics I want you to try to grasp the dreadful realities in terms of human suffering behind a rather dry sounding catalogue of figures and comparisons. We are talking about human beings who suffer, who suffer as you would suffer, and who know they suffer; we are not talking about some sort of different species or different kind of being, we are talking about people who could be your parents or your children – we are talking about people who could be you.

Now the most important fact about the latter third of this century in my view is not the gap between Washington and Moscow, or Washington and Peking – or wherever you want to put it (it's a bit difficult to keep up with Mr. Kissinger these days) but the growing gulf between the rich countries of North America and Europe, on the one hand, and the poor countries of Asia, Africa, much of Latin America and the Middle East, on the other. These countries are usually referred to as the Third World, or as developing countries, although, as the Pearson Report, *Partners in Development*, says: "Words like 'rich' and 'poor', 'advanced' and 'backward', 'highly developed' and 'underdeveloped', even 'donor' and 'recipient' are highly unsatisfactory as they may be misinterpreted. There is far more to development than economic and material progress, and gross national product is no assurance of the possession of other values and qualities." (p. VIII)

The polarization between the developed and developing countries is not just economic, though this would be serious enough. It is also racial and psychological. The growing alienation is between poor but also coloured countries of the southern half of the globe, and the rich and white people of the northern half.

The far-reaching danger of this should be obvious, but it is not without a certain historic irony. For the Soviet Union, like the United States, has now reached a level of prosperity sufficient for it to be viewed by the poor countries as being nearly as much a white – a "have"-nation as the United States. And, as an American Senator, George McGovern, has recently pointed out the revolutionary leadership has passed from Moscow to Peking and Havana, and it has, as anyone who has lived in Africa or Asia can testify, a powerful psychological appeal.

I am not here to make a political speech, nor to give you a lecture in economics, but I mention this political setting of an economic problem because I want you to see I am not talking my own private hobby or latest fad, but about something which ought to be of interest to each one of you now, and it will be a matter of vital concern for your children whether they like it or not. And the manner in which *they* have to deal with the Third World will in no small measure depend on what is done within the next few years.

What, then, first of all do I mean by the Third World?

I mean all those countries which cannot be called developed. Countries, for example, which have an annual revenue per capita of less than two hundred dollars, in comparison to the well over two thousand dollars enjoyed by Canada. And by this criterion over two billion of the World's population belongs to the Third World. Countries which are undernourished, and which according to the Food and Agriculture Association includes 70% of the world's people – which means that three out of four human beings belong to the Third World and are hungry. By the Third World I mean a world which is not only poor and hungry, but one which is sick. A world which not only suffers from all kinds of diseases, but which is terribly ill-equipped to deal with them – a world which has become one gigantic hospital waiting room. And this sickness has reduced productivity anywhere from 30 to 60%. It is a world which is faced with a population explosion, with no corresponding increase in economic resources. It is a world in which the service industries predominate, where capital is scarce, and interest rates for the poor run as high as 200 to 300% per annum.

On top of all this we seem to be exporting all the undesirable side-effects of our society without the means we have in Canada to combat them. There is pollution of natural resources in Africa with no means to cope with it; there is progressive urbanization, with no planning, no schemes to integrate the new poor of the cities into a human way of life.

You may say that poverty has always existed, that there has always been a disparity in wealth between countries, and this is true. There are, however, two new factors which make the situation today into an explosive one. In the first place the gulf between the Third World and our own is widening not lessening; and secondly there is the revolution in communications.

The details of the first point are set out in the Pearson Report and the trends are both dynamic and discouraging. In 1961 the UN General Assembly adopted a resolution whose aim was to accelerate the progress of the developing nations and their social advancement. The target was established of a minimum annual rate of growth of 5% in their aggregate national income during this decade. But soon their objective turned into a mere dream.

"Our hopes for achieving the goals of the first Development Decade appear to be frustrated," said U Thant. And

George D. Woods, formerly the President of the International Bank for Reconstruction and Development, joined others in saying that this decade may recede into history, instead, as a decade of disappointment.

The expected 5% annual growth rate was based on performances recorded in the 1950–1954 perod. But already in the late fifties and the beginning of the sixties, this rate had dropped to 4% and below, which means that, when allowance is made for population growth, the net improvement dwindles to 1% per year or less. At this growth rate, the average per capita income in the less developed countries will move from the present 120 dollars to hardly 170 dollars annually at the end of the century – which corresponds to the income the Western countries had a century ago, whereas the increment for the latter, according to various estimates, will be between thirty and sixty times as big. "This is crude arithmetic. But its implications are plain and sobering," commented Mr. Woods. "If present trends are allowed to continue, there will be no adequate improvement in living standards in vast areas of the globe for the balance of this century."

There is, however, another big *if* attached to this forecast: if, in the meantime, something revolutionary does not happen in the world to terminate this intolerable situation – by rational and reasonable co-operation, or otherwise. And with the gap widening and human dignity continuing to suffer, it is far more likely that only waves of hatred and violence will erupt from the abyss which now separates the rich from the poor of the world. And here is where the revolution in communications is important for it has resulted in a growing awareness of the gaps in development which divide the world of today. Up to now the people of the countries on the road to development have suffered both physically and morally the effects of the gap, but the situation is growing worse as they realize, as never before, the abyss which separates them from the developed countries. The transistor radio is everywhere. We should not be surprised, therefore, at the growth of a profound sense of injustice, resentment and bitterness, and, no matter how you serve the matter up the gulf between the different parts of humanity, and its exploitation by people of an ideological turn of mind, will lead us all to war unless something is done about it.

These then are the main lines of a picture concerning the Third World which I would like to impress upon you. It is a world of poverty, hunger, sickness, a population explosion and a lack of resources which is causing the gap – or better the gulf – between the white nations and those of the rest of the world to grow even larger. It is a gulf which is known about, which is resented, and the resentment is being exploited. Something must be done about it if we are to avoid a catastrophe on a global scale. Whether this catastrophe is actually provoked by the increasingly depressed people of the Third World themselves, or whether their misery is used by other power blocs, with different ideologies, does not matter very much, for it will be the end of our world as we know it.

I hope I have managed to impress upon you the fact that the world is faced with a serious situation, a situation which is getting worse, and which one way or another will have terrible consequences unless something is done about it. Well, what *is* to be done about it? All I can hope to do is to set out some guidelines which so far as I can constitute the bare minimum if we are ever to save the world from war, and to achieve some degree of stability.

1. In the first place we must remember that the true drama of development is a human drama, a drama which affects both the people of the Third World and ourselves. It is concerned with the question of knowing how the two billion people of the Third World of today, and the five billion of tomorrow, will assimilate and apply the scientific and experimental spirit without which they will never be able to run a modern factory, nor learn the most productive forms of agriculture.

But this drama affects us in its turn, and demands new attitudes and convictions. You are all practical people listening to me today, and you may think this kind of spiritual or moral guidance ought to be saved up for Sundays. But this is where the practical man is not very practical, precisely because he neglects factors which are at work in the real world. Henry Kissinger, President Nixon's advisor on foreign affairs, has written that "The deepest problems of equilibrium are not physical but psychological or moral. The shape of the future will depend ultimately on convictions which far transcend the physical balance of power." (American Foreign Policy.) If this is the case, and I believe it is, then we must realize that new attitudes are necessary on our part, as well as on theirs. Our interior barriers are harder to dismantle than those in the outside world. Many of the difficulties we encounter today are the legacy of the greed of the white man of the West: slavery, colonialism, apartheid, the desire for profit and over-weening conceit in the colour of our skin.

We in the West profess an idealistic philosophy but we often fail to get as good a hearing in the developing countries as do the Marxists precisely because we rely so heavily on economic factors. We have answers for technical dislocations, but we really haven't done very much to help in the building up of political and moral consensus in the developing nations. Unless we can frame our ideas about the good state, and the meaning of political legitimacy in terms a bit more positive than an attempt to prevent the spread of materialism or communism, then we are admitting we have lost our grip on those great ideals which helped to build the West, and that the real creativity in this modern world comes from elsewhere.

But men seek justice, morality, the spiritual life, peace and culture; all those goods which cannot be made in a factory, and which are at the heart of the best in our own traditions. And these values are just as badly needed in the Third World as machines and bridges.

2. My second guide-line is this: the immensity of the problems require rapid action without any ideological or political pre-occupations. Let me illustrate what I mean by an example I have used before, and then go on to draw some practical consequences from it.

President Kennedy had an ambition, a political ambition if you like, that an American should be the first person to walk on the moon. But he quickly grasped that if this ambition was to be realized he would have to get the project outside of politics. So he set up NASA, which secured the co-operation of over two hundred thousand scientists and technicians of all specialties, and an investment of 25 billion dollars. As a result, an American *was* the first on the moon. I am not concerned here to try to make a judgment on the value of the whole project, but to point out that once the decision was made, the necessary means were taken, and the thing was done.

When, however, it comes to trying to organize rational co-operation amongst rich and poor nations, and programs of self-help for developing countries, the meetings bog down and initiative is stifled under literally tons of paper, millions of pages, and thousands of documents. It is not that there is not intelligence, nor resources, nor good will at these conferences, but the plain fact of the matter is that they are not sufficiently co-ordinated. National politics plays too large a part, and public opinion is not strong enough to *force* our governments to do something more effective.

This past week in Chile the United Nations Conference on Trade and Development has been meeting and their deliberations have displayed all the characteristics I have mentioned. Delegation after delegation has got up – the Russians, the Australians, the Canadians, the Common Market, the Eastern European countries – to explain how concerned they are with world poverty, how much aid they are giving and how their technical exports are labouring under frightful conditions to help the developing nations. But they have also been busy explaining how, given their own problems of world liquidity, they cannot do more now or make promises for the future.

Delegate after delegate from the 96 poor countries represented has replied in increasingly bitter language.

The Chinese, who have conducted themselves with immense tact, delivered on Thursday a moderate but masterly speech which said that Peking aligned itself with the poor countries as one of them. They called on the United States and Russia to stop bullying everyone and told the rich countries that they should give the Third World a better economic deal quickly. The Russian delegates did not clap at the end, but told the Ukrainians, who spoke next, to attack the Chinese as expansionist imperialists.

So too much politics, some of it of a very dangerous sort, coupled with a great deal of real good will and generosity. Yet somehow it is not enough, it does not add up to effective action – and this will only come if we have a thoroughly aroused public opinion, public opinion which has been provoked by concerned people shouldering their own responsibilities.

You know, today nothing is ever really anybody's fault. Or at least that is what we like to say. It's the computer, or one office is not in contact with another one at a crucial moment, but no one person is ever really to blame for anything. Well, I think this is an unhealthy attitude – I much prefer that of President Truman who had a sign on his desk which read *The Buck Stops Here*. In other words, people ought to assume their own obligations and stop passing the buck all the time, and this applies to the case of the Third World as well.

We Canadians are great at blaming other people – it used to be the British and now it is the Americans, and we say to ourselves that because things aren't our fault, then it follows we have no obligation to do anything about them. But we do have an obligation, an obligation based on our humanity and on our religious backgrounds to create a climate of public opinion which will enable our governments to do what must be done, and to show the world that Canada, at least, is serious about the plight of billions of human beings. Where does the buck stop? it stops with *you*, my listeners. You who have influence, you who help to create public opinion, you who have your fingers on the levers of power. We need something like a NASA for development, outside politics and international in scope. And we need the support of the citizens of the West who in an informed way will insist that their governments support whatever new and effective agency must be set up to close the gap between the nations of the world.

My own task has been a simpler and a humbler one. I have tried to act as a kind of symbol to the Africans that our traditions have the seeds of more than blood slavery and conquest within them; that the strength of the West is not merely in technology and industrialization, but carries with it, as well, the practical ideals of justice, peace, fraternity, and love.

But, I have also tried to be a symbol to you in Canada, a symbol of concern for those poorer than ourselves, of care for the sick, the hungry, the lonely and the dispossessed, a symbol of what our country and our differing traditions – political, racial and religious – are really all about.

I know that more could have been done, both to represent Canada to Africa, and Africa to Canada, yet I have tried. But what I have done was only possible with the help and encouragement of you all, and I would like to hope that what has been *begun* with your help, will be continued with that same help. And it is my prayer that our country will play a leading role in helping to establish a world in which peace and justice will reign over the affairs of all mankind.

Cardinal Leger was thanked on behalf of the joint meeting by Mr. Jack Brent, President of The Canadian Club of Toronto.

FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members,
The Empire Club of Canada,
TORONTO, Ontario.

We report that we have examined the attached Balance Sheet of The Empire Club of Canada as at 30th April, 1972, and the attached Statement of Income and Expense and Accumulated Surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these Statements present fairly the financial position of the Club as at 30th April, 1972 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied, after giving retroactive effect to the policy of charging each year with the estimated cost of printing that year's Year Book referred to in Note (2) of the Notes to the Financial Statements, on a basis consistent with that of the preceding year.

H. T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS.
Honorary Auditors.

Toronto, Ontario.
6th July, 1972.

BALANCE SHEET AS AT 30TH APRIL, 1972

ASSETS

	1972	1971 (Note 2)
Current:		
Bank	$ 6,266	$ —
Accounts Receivable	246	644
Prepaid Expenses	—	136
	$ 6,512	$ 780
Investment, at cost:		
(Market Value $4,875; $4,980 1971)	5,757	5,757
Office Furniture and Equipment:		
At nominal value	1	1
	$12,270	$6,538

LIABILITIES AND MEMBERS' EQUITY

Current:		
Bank Indebtedness	$ —	$1,160
Accounts Payable	140	123
Due to The Empire Club Foundation	3,068	6,642
Membership Fees and Luncheon Tickets paid in advance	730	776
	$ 3,938	$8,701
Accumulated Surplus: (Deficit)	8,332	(2,163)
	$12,270	$6,538

STATEMENT OF INCOME AND EXPENSE AND ACCUMULATED SURPLUS FOR THE YEAR ENDED 30TH APRIL, 1972

	1972	1971
Income:		
Membership Fees (including Life Membership Fees, $500.00 ($100.00 1971))	$31,554	$27,084
Luncheons net	911	3,172
Other	371	285
	$32,836	$30,541
Expense:		
Members' Notices	$10,287	$ 8,308
Office Salaries and Employee Benefits (net)	3,614	5,307
Year Book	3,219	2,673
Publicity and Promotion	1,350	1,118
Printing, Stationery and Postage	1,210	1,919
Rent, net	956	1,037
Meetings	934	680
Office and General	392	638
Telephone	379	241
	$22,341	$21,921
Net Income for Year:	$10,495	$ 8,620
Accumulated Surplus (Deficit) at beginning of year:		
As previously reported	$ 510	$(7,716)
Prior year's Year Book Expense (Note 2) as restated	2,673	3,067
	$(2,163)	$(10,783)
Accumulated Surplus (Deficit) at end of year:	$ 8,332	$(2,163)

NOTES TO FINANCIAL STATEMENTS AS AT 30TH APRIL, 1972

NOTE 1:

The Club follows the policy of recording its office furniture and equipment at a nominal value and charges additions to expense in years acquired.

NOTE 2:

The Club has retroactively adopted the policy of charging each year with the estimated charge from The Empire Club Foundation for the cost of supplying the Membership with that year's Year Book.

1972-1973 *Officers and Board of Directors*

Honorary President	HIS EXCELLENCY, THE RIGHT HON. ROLAND MICHENER, C.C., C.D., Q.C., P.C., LL.D., D.C.L., GOVERNOR GENERAL OF CANADA
Honorary Vice-President	THE HON. W. ROSS MACDONALD, P.C., C.D., Q.C., LL.D., LIEUTENANT GOVERNOR OF ONTARIO

Officers

President	JOSEPH H. POTTS, C.D., Q.C.
First-Vice-President	ROBERT L. ARMSTRONG
Second Vice-President	LT. COL. JOHN G. B. STRATHY, C.D.
Third Vice-President	HARTLAND M. MACDOUGALL
Secretary-Treasurer	RONALD GOODALL, C.A.
Honorary Secretary	HIS WORSHIP, MAYOR WM. DENNISON
Assistant Secretary	NORMAN BORINS, Q.C.
Honorary Treasurer	MARVIN B. GELBER
Assistant Treasurer	VERY REV. ERNEST M. HOWSE, S.T.D., PH.D., D.D., LITT.D.
Honorary Auditor	H. T. JAMIESON, F.C.A.
Honorary Solicitor	J. H. CORRIGAN, Q.C.
Historian	ERNEST MILES

Board of Directors

P. J. AMBROSE
DONALD H. BATH
MAYOR WILLIS L. BLAIR
SIR ARTHUR CHETWYND, BT.
ALFRED COWLING
DR. CLARENCE B. CRUMMEY
W. ROSS DEGEER
MARCEL DESAUTELS
EMERSON C. DOWD, C.D., M.D., C.R.C.S.(C)
A. CARLYLE DUNBAR
LT. CMDR. HUGH R. FRANKS, C.D.
C. WARREN GOLDRING
GORDON E. GRUNDY, F.C.A.
PETER HERMANT
MAJOR CHAS. C. HOFFMAN
LT. COL. P. W. HUNTER, C.D.
R. W. INGLIS, C.A.
WILLIAM M. KARN

J. ALEX LANGFORD, Q.C.
THE HON. A. F. LAWRENCE, Q.C., M.P.
LT. COL. REGINALD W. LEWIS, C.D.
H. ALLAN LEAL, Q.C., LL.D.
J. R. MASSINGHAM
JAMES MACKEY
W. MALCOLM MCINTYRE
VLADAN MILIC, M.R.A.I.C.
DR. JAMES A. PARISH
THE HON. JOHN P. ROBARTS, P.C., Q.C., LL.D.
GEORGE O. STAFFORD
G/CAPT. R. C. A. WADDELL, D.S.O., D.F.C.
REV. J. ROBERT WATT
J. A. WILLIAM WHITEACRE, M.M., C.D., Q.C.

Immediate Past President	HENRY N. R. JACKMAN
Past Presidents	HAROLD V. CRANFIELD, M.D., F.R.C.P.(C) H. IAN MACDONALD GRAHAM M. GORE

Constitution

As amended April 27th, 1967.

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   - (a) Honorary members
   - (b) Life members
   - (c) Regular members
   - (d) Corporate members

   All members of classes (a), (b), (c) must be of the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding

office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board

of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members

of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy

from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speakers Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Year Book Committee
   (h) Head Table Committee
   provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.
2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to

time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30th.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

1971-72

HONORARY MEMBERS

Cartright, The Rt. Hon. John R., P.C., M.C., LL.D.
Comber, W. W., C.A.
Daniels, D. K., O.B.E.
Frost, Hon. Leslie M., P.C., C.C., Q.C., LL.D., D.C.L.
Gardiner, F. G., Q.C.
Geary, Major B. Hanley, V.C.
Gillingham, W/C Harold G.
Kemp, A. S. H.
Michener, The Rt. Hon. Roland, C.C., P.C., Q.C., LL.D., D.C.L.
Miles, Ernest
Osborne, Col. J. Ewart

LIFE MEMBERS

Allan, William N.
Anderson, Donald S.
Ash, W. M. V.
Bassett, John
Batty, J.
Baxter, Ian S.
Baxter, Major James, M.C.
Beare, S. E.
Beatty, D. S.
Best, Douglas W.
Borins, Norman, Q.C.
Bovey, Edmund C.
Boyles, Thomas A.
Burke, E. T. C.
Burns, Charles F. W.
Caswell, W. A., J.P.
Cobham, Arthur H.
Craig, Lt. Col. John A. D.
Cranfield, H. V., M.D., F.R.C.P.(C)
Crummy, Dr. Clarence B.
Davies, Rev. Emlyn
Deacon, Fraser, C.L.V.
Douglas, R. G.
DuVernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fletcher, S. S.
Frost, Lt. Col. Chas. S.
Gillingham, W/C Harold G.
Goldring, Dr. C. C.
Gore, Graham
Griffin, Ian
Griffin, John W.
Harpham, H.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B. T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Lt. Col. Robt. H., M.B.E.
Hoffman, Charles C.
Hogg, Lt. Col. N. D., M.B.E., E.D.
Hough, T. E.
Holliday, J. Ross
Howse, T. H.
Hughes, James O.
Inwood, A. E. M.
Jackman, H. R., C.ST.J., Q.C.
Jackman, H. N. R.
Jamieson, H. T.
Johnston, W. D.
Joyce, James H.
Jupp, Lt. Col. D. H., O.B.E.
Karn, W. M.
Kent, J. Palmer, Q.C.
Keys, N. A., M.C., Q.C.
Lambert, A. T.
Lawson, H. R.
Legge, B/Gen. Bruce J., C.ST.J., E.D., Q.C.
Low, Steven
Mackinnon, Lt. Col. A. P.
Mansfield, S. J.
Matthews, Beverley, C.B.E., Q.C.

Matthews, Major Gen. A. B., C.B.E., D.S.O.
McCrimmon, Major J. S. G.
McKinnon, N. J.
Mikkila, W. G.
Neelands, D. G.
Pallett, John C., Q.C.
Parish, Dr. James A.
Ridley, John B.
Roman, S. B.
Rosen, A. E.
Royce, Lt. Col. E. A., E.D.
Sandy, J.
Shefsky, Samuel V.
Smeed, James R.
Stark, Mr. Justice the Hon. Alexander
Strathy, Col. J. G. K., O.B.E.
Sullivan, Senator the Hon. Joseph A., M.D.
Thompson, E. F.
Thomson, Garth O.
Thomson, K. R.
Turnbull, R.
Turner, Capt. T. C., C.D., R.C.N.R.
Waldie, Gordon
Watkins, Wm. B.
Webster, R. H.
Williams, J. K.
Winkler, Sydney
Wotherspoon, Brig. G. D. Des.
Wright, D. E.

REGULAR

Abbot, A. C.
Abel, Albert S.
Abernethy, Lt. Col. W. W.
Abraham, John K.
Acomb, S. R.
Adair, Joseph
Adam, James L.
Adams, A. H.
Adams, George W.
Adams, J. C.
Adams, W. H.
Adams, W. J.
Adamson, G. A.
Adamson, Harold J.
Adamson, Edwin F.
Adamson, Walter
Adelstein, Allan Joel
Ades, David
Addison, Wm. G.
Adley, Anthony
Adye, Rev. Canon E. R. G.
Agar, Harold A.
Aird, A. E.
Aitchison, Ian A.
Aitchison, R. J.
Alberts, Edgar T.
Albery, A. C. R.
Alexander, H. H.
Allan, A.
Allan, Dr. Blandford
Allen, C. R. E.
Allen, Ivan V.
Allen, John F.
Allen, Dr. Michael S., F.R.C.S.C.
Allen, W. R., Q.C.
Allingham, N. W.
Allison, A.
Allport, D. A.
Ambrose, Sheriff P. J.
Amos, J. L.
Anderson, Allan J.
Anderson, J. B.
Anderson, J. Murray
Anderson, Dr. T. W.
Anderson, Lt. Gen. W. A. B.
Andras, K. B.
Andrews, Steward M.
Anglin, Dr. C. S.
Angus, D. L.
Angus, Jas. K.
Anthony, R. F. K.
Apple, B. Nixon, Q.C.
Appleton, C. N.
Appleton, D. C.
Archbold, Wm. D.
Archer, William L.
Archibald, C. R., Q.C.
Arena, John
Argue, D. R.
Armour, A. Douglas

Armstrong, Arthur S.
Armstrong, G. E.
Armstrong, Gordon V.
Armstrong, Warren G.
Armstrong, Jas. A.
Armstrong, Robert
Arthur, J. G.
Ashley, S. E.
Astley, D. B.
Atherton, C.
Atkinson, John
Atkinson, Walter P.
Atskey, Professor Ronald G.
Attewell, W. C.
Audette, R. S.
Ausman, Leland H.
Austin, J. Jarvis
Avery, William M.
Axford, Michael J.
Azzarello, A.

Babcock, Harold A.
Back, Samuel
Baillie, A. A.
Baillie, James C.
Bailey, H. V.
Bailey, William H. C.
Bainyard, Roy H.
Baker, Allan D.
Baker, George
Baker, Herb F.
Baker, J. J.
Bakir, Marwan
Bales, Gordon G.
Balfour, Norman E.
Ball, Gordon R.
Ball, J. J.
Ballentine, Richard
Band, Philip E.
Bandeen, R. A.
Bankes, J. M.
Banner, Mac
Barber, D. J.
Barber, Col. J. R., E.D., C.D.
Barber, William
Barbour, Edward R.
Barclay, D. F.
Bardsley, J. W.
Bark, Chad F.
Barker, D. J.
Barltrop, C. S.
Barnes, Major F. A.
Barnsley, E. R.
Barrett, L. C.
Barrington, Dr. T. W., M.D., F.R.C.S.(C)
Barrow, J. C.
Barstow, J. M.
Bartholomew, R. W.
Barths, Karl L.
Bassett, John
Bate, Wm. B.
Bates, Dr. Gordon
Bath, D. H. W.
Batten, D. M.
Bawden, H. N.
Beamish, K. J.
Beattie, A. L.
Beattie, E. L.
Beattie, Peter G.
Beauchamp, Walter N.
Beaudry, Roger
Beausejour, Roger
Beavis, Frederick J.
Beckerman, Irving
Belak, Nicholas
Belbeck, Kenneth G.
Bell, C. B.
Bell, J. Donald ,Q.C.
Bell, Michael C.
Bell, Norman B.
Bell, Norman H.
Bell, Norman O.
Bell, W. E.
Belyea, Abner B.
Belyea, Roy E.
Ben, George
Bengert, E. C.
Bennett, Bryan C.
Bennett, Clifford
Bennett, Chief Judge Colin E.
Bennett, David T.
Bennett, Major J. W.
Bennett, R. F.
Benson, Marvin T.
Bentley, A. F.
Berchem, F. R.
Berghuis, Wm. W.
Bernard, Paul J.
Berry, Harold R.

Berry, Dr. Henry
Best, Gordon H.
Best, Peter
Bethell, R. Anthony
Bethune, Comdr. D. S.
Betts, J. G.
Beuth, Gerhard E.
Biddell, J. L.
Biggs, G. L.
Biggs, Stanley C., Q.C.
Bilbrough, W. H.
Billes, A. W.
Binmore, David R.
Binnie, William Ian Corneil
Birchall, L. J.
Biringer, Paul P.
Birrell, L. P.
Birrell, Dr. R. G.
Biscotti, Michael J.
Blachard, H. A.
Blachford, H. A.
Blaikie, Ross W.
Blair, L. E.
Blair, S. M.
Blair, Willis L.
Blair, W. D'Arcy
Blanchard, H. A.
Blay, J. A.
Bloemen, P. J. M.
Boddy, R. Paul
Boggs, Wm. B.
Bolliger, Heinz E.
Bonham, J. T.
Bonnycastle, Law C.
Bonus, W. H.
Booth, Dr. C. W.
Borinsky, Maxime
Bosanquet, L. C.
Botnick, Harry P.
Bourne, F. R.
Bowes, David
Bowles, William M. Jr.
Boyd, John
Boyd, Peter B.
Boyer, J. P.
Boyko, Jos. LL.D.
Boyle, B. E.
Boyle, J. A.
Boylen, P. F.
Boynton, T. D.
Brace, Wm.
Bradshaw, Melville
Bragg, R. W.
Brain, George M.
Braithwaite, Dr. D.
Braithwaite, L. A.
Bramm, G. V.
Brannan, C. C.
Brannan, C. E.
Branson, C.
Brant, Reuben
Bray, C. H.
Breckenridge, R. J.
Brent, John E.
Brethour, E. J.
Breuer, K.
Bridger, John R.
Brinklow, E.
Brissenden, W. G.
Bristoll, Charles H.
Broad, R. L.
Brock, Frederick W.
Brodey, Peter E.
Brodsky, Jack
Brook, Edward
Brooks-Hill, F. B.
Brooks, Dr. C. E.
Brooks, Herbert
Browghall, W. H., Q.C.
Brown, Arthur E.
Brown, Dr. Corbin A.
Brown, Brig. H. E., O.B.E., E.D., C.D.
Brown, John H.
Brown, J. Sommerville
Brown, Mannie
Brown, R. A.
Brown, R. F. S.
Brownbill, H. F.
Browne, Hugh
Browning, W. H.
Brule, J. A.
Brumell, J. K.
Brundage, C.
Brunskill, A. M., F.C.I.S.
Buddenhagen, W. C.
Buell, E. J., Jr.
Bull, R. J.
Bundy, Robert G.
Bunting, C. Alan

Bunting, Pearce
Burbridge, O. John
Burden, Bruce C.
Burgess, A. C.
Burgess, C. N.
Burgess, H. T.
Burk, J. Paul
Burleigh, Thomas S.
Burnard, F. S.
Burnaby, Frederick H.
Burns, James E.
Burns, Lt. Col. L. J. W.
Burns, Paul J.
Burnside, E. G.
Burrows, R. G., Q.C.
Burry, C. James
Burson, Geo., Q.C.
Burton, Charles G.
Burton, Lt. Col. G. A.
Bury, George J.
Butcher, Roy Leonard
Butler, Ian
Butt, Dr. W. D.
Bynoe, B. Clive, Q.C.

Cairns, Richard B.
Cairns, Ron
Calderone, A. C.
Calderone, Gus V.
Calladine, Eric A.
Caldwell, Doug
Calvert, William
Cameron, Donald Ross
Campbell, D.
Campbell, D. L.
Campbell, Duncan
Campbell, E. M.
Campbell, Ian
Campbell, I. R.
Campbell, Jack
Campbell, J. W. M.
Campbell, R. Y. W.
Campbell, T. I.
Campbell, W. Allan
Cane, A.
Cappe, Joe, B.COM.
Cappe, N. R., Q.C.
Carleton, Major W. J.
Carlisle, Donald H.
Carlsen, S. C.
Carnegie, A. D.
Carnegie, James G.
Carney, G. W. Ward
Carpenter, Dr. T. A.
Carney, G. W.
Carr, E. P.
Carradus, Capt. H. R.
Carrick, Donald
Carrodus, Peter W.
Carson, C. E.
Carswell, Lloyd Brooks
Carter, James F.
Carter, James P.
Carter, S. Owen
Cartwright, R. Ian
Casey, D. W.
Casey, E. M.
Cassels, Gordon T.
Casson, Richard
Castle, E. W.
Caston, D. M.
Cater, Gordon
Cathcart, P. G.
Catto, Lt. Col. John, C.D.
Cavoukian, A.
Chadsey, P J.
Chadwick, Derek T.
Chalmers, Floyd S.
Chamandy, Richard F.
Chambers, H. J. A.
Champion, R. H.
Chan, Henry
Chandler, Frank G.
Chandler, Kenneth G.
Chant, Dixon S.
Chapin, C. J.
Chapman, Albert E.
Chapman, S. F.
Chapman, Wm.
Charlebois, John P.
Charlton, A. E.
Chase, T. Miller
Cherry, Robert James
Chester, Lane R.
Chetwynd, A.
Chetwynd, Robin
Child, Thomas
Chilcott, Francis James
Chittick, J. Robert

Chote, Rev. Canon A. A., B.A.L., TH.
Christian, Francis G.
Christian, Brig. J. D., C.B.E.
Christie, Col. J. H., M.C., E.D.
Christie, Dr. R. J.
Chrysler, H. W.
Ciglen, Samuel, Q.C.
Clark, A. S.
Clark, Basil
Clark, H. Spencer
Clark, Philip T., F.C.A.
Clark, Robt. F.
Clarke, E. G.
Clarke, James H.
Clarke, James S.
Clarke, K. H. J.
Clarry, John H. C.
Classen, R. A. M.
Clayden, Joseph
Clayden, James Henry
Clements, Robert
Clifford, C. T.
Clifford, R. G.
Clutsam, R. K.
Cockrane, Frank
Cohen, John C.
Cole, John B.
Coleman, John A.
Colhoun, J. L. A.
Collins-Williams, G. W.
Collombin, Beverley
Colwell, Charles W.
Conn, Dr. A. W.
Conrad, J. C. P.
Consulat General de France
Cook, Douglas H.
Cook, F. Gordon
Cook, G. A.
Cook, John H.
Cooke, Lorne
Coombs, Paul B.
Cooper, S. C.
Cooper, W. S. B., C.F.A.
Corbeau, Anthony
Corbett, M. C.
Cork, E. Kendall
Corlett, Alva R.
Corlett, G. H.
Cornelius, Les
Cornish, D. F.
Cornish, His Honour, Judge F. J.
Corrigan, J. H., Q.C.
Corson, C. R.
Cosburn, W. D.
Cosby, Stanley C.
Cotnam, Dr. Harold Beatty
Coull, Charles A.
Coulthard, W. W.
Coupland, W. C., C.A.
Coutts, Elgin E.
Cowan, W. D.
Cowling, A. H.
Cowper, David B.
Craft, Robt. F.
Craig, J. W.
Cranfield, Paul G.
Crang, J. H.
Crann, Howard N.
Cranston, R. A.
Crashley, Lt. Col. J. D., C.D.
Crawford, E. H.
Crawford, H. P.
Creighton, W. L.
Cressey, Joseph V.
Crichton, R. J.
Crispo, F. Martin
Critchley-Waring, Angus C. B.
Crockett, Arthur H.
Crompton, M. W.
Crone, R.
Crookes, Bernard D.
Croombs, Wm. J.
Cross, The Ven. C. D., B.A., D.D., S.T.D.
Cross, W. B.
Crossley, J. K.
Crothers, George
Crothers, Hugh A.
Crow, Stanley
Cudbird, L. J.
Culnan, Dr. G. F.
Cummings, R. L.
Cummings, W. M.
Currie, Dr. Donald J.
Currie, Wm. Seaton
Curry, T. E.
Curtin, Joseph T.
Curtis, W. A., Jr.

Cuthbert, Norman S.
Cutler, J. F.

Dack, Dennis A.
Dale, R. G., D.S.O., D.F.C.
Dale-Harris, R. B.
Daley, Irwin
Dalgetty, J. D. Y.
Dalglish, Peter
Dalton, Wm. H.
Daly, R. A.
Damov, Daniel
D'Andrea, Joseph
D'Arcy, N. C.
Daughney, V. Ed.
Davey, I. E.
Davey, Senator Keith
Davidson, Dr. D. A.
Davidson, I. D.
Davidson, J. Craig
Davies, Dr. John B.
Davies, Michael, B.C.
Davies, R. A.
Davis, Lt. Col. M. B. W.
Davis, Norman S.
Davison, L. M.
Davison, Dr. W. E.
Dawson, Isaac
Day, Norman
Deacon, Paul S.
Dean, Harold B.
Deans, Bruce
Decker, David
DeGeer, Ross
Degrandis, J. D.
DeKarwin, R. P.
Demara, Cyrill R.
Denison, Robt. E.
Dennison, Mayor William
Denton, J. Richard
Dequerre, Fred
Derry, Douglas L.
Derry, Dr. Duncan R.
Desautels, Marcel A., B.A., LL.M.
DeSouza, Ivan X.
Destounis, G.
Deutsch, Wm. C., Q.C.
Devlin, Lt. E. F.
Devlin, John H.
Dewar, K. M.
Dewitt, James
Diamond, A. E.
Dickie, Ronald Wright
Digby, Dr. John W.
Dillon, Murray C.
Dingle, D. B.
Dinsdale, S. E., Q.C.
Dinnick, John S.
Dix, Wm. B.
Dixon, A. B.
Dixon, Geoff F.
Dixon, W. M.
Dlouhy, Dominick
Doe, Roger G.
Doherty, J. H.
Dorken, H. R.
Doty, Robert V.
Douglas, Rev. Dr. F.
Douglas, C. R.
Dowd, Dr. E. C.
Downer, The Hon. Rev. A. W., M.P.P.
Dowsett, Horace
Dowsett, R. E.
Doyle, Rick
Dragone, A. George
Draimin, Peter K.
Driver, R. G.
Drew, Col. The Hon. G. A.
Dubin, C. L., Q.C.
Duffield, E. S.
Duguid, A. G. S.
Duguid, Lorne W.
Dunbar, Carlyle
Duncan, D. F.
Duncan, W. A.
Dungey, E. B.
Dunlap, David M.
Dunlop, Major E. A., G.M.
Dunmall, M. M.
Dunnett, Gordon
Dunseith, Cecil T.
Dunwoody, James M.
Dye, R. A.
Dyer, Dr. D. W.
Dynes, Henry E.

Eadie, Donald R.
Eckler, Samuel
Eagleson, R. Alan

Eakin, Joseph S.
Earwicker, L. T.
Easson, E. B.
Eastoe, S. A.
Eastwood, G. E. P.
Eaton, John Craig
Eaton, F.
Ebers, C. G., Q.C.
Eccelstone, A. M.
Edison, John G.
Edward, Dr. H. E.
Edwards, James C.
Eisen, D. M.
Eisen, Sol.
Egan, John C.
Elder, Andrew J.
Elder, John J.
Elgie, G. C., Q.C.
Elliott, Charles R.
Elliott, F. G.
Elliott, Harold H.
Elliott, H. J.
Ellis, J. F.
Ellis, Ralph
Elmsley, James B.
Emerson, M. L.
Emond, Douglas L.
Engholm, R. A.
Ennis, B. A.
Enright, C. T.
Epstein, H. B.
Erwood, Donald L.
Evans, D. F.
Evans, Dr. J. E. L.
Evans, R. A., Q.C.
Evenson, L. R.
Everard, Frank
Eyton, Trevor

Facella, Frank E.
Facey, H. G.
Fairclough, R. P.
Fallis, Geo. A.
Farlinger, A. W.
Farmer, Rev. Carl V.
Farmer, Patterson
Farquarson, W. R.
Farrow, W. C.
Farwell, S. M., Q.C.
Favager, F. C.
Fayle, L. V.
Fell, A.
Fell, F. M., Q.C.
Fenkell, L. L.
Ferguson, Alan
Ferguson, G. S. P., Q.C.
Ferguson, P. B. G.
Field, D. G.
Fine, George E. C.
Fingold, Paul
Finlay, Warren A.
Finalyson, G. W.
Finney, Major Robert A.
Fish, B.
Fisher, Alex D.
Fisher, A. J.
Fisher, D. A.
Fisher, Frank
Fisher, F. R.
Fisher, John
Fisher, Paul M.
Fisher, J. Taylor
Fitz-Gerald, Roy
Fitzhenry, R. I.
Fleming, C. F.
Fleming, Hon. Donald M.
Fleming, J. C.
Fleming, R. J.
Fleming, W. R.
Flint, L. C. B.
Flood, Charles
Flood, Lennox E.
Flood, Michael
Floras, Frederick
Fodor, Nicholas
Fogarty, Bruce A.
Follett, Gordon
Fournier, R. P.
Forbes, Harold
Ford, E.
Ford, Gordon W., Q.C.
Forrest, Lt. Col. J. L., C.D.
Forster, D. F.
Forsyth, A.
Forsyth, G. D.
Foss, A. J. N.
Foss, Roy
Foster, F. T.
Foster, Robert
Foster, R. E.

Fotheringham, John B.
Foulds, K. A.
Fowler, Scott
Fox, G. E.
Fox, G. K.
Fox, John H.
Fralick, Kenneth A., C.A.
Francis, Dr. W. G.
Frankel, Roy H.
Frankish, Wm. B.
Franklin, Dr. Alex.
Franks, H. R.
Franks, Dr. W. R., O.B.E., Q.H.P., M.A., M.B.
Fraser, A. T. L.
Fraser, Balir, Q.C.
Fraser, Edward P.
Fraser, George R.
Fraser, The Hon. Mr. Justice Neil
Fraser, Norman
Frazee, R. C.
Freeman, L. R.
French, D. J.
Freysing, John
Freyseng, Willis P.
Friedland, Seymour
Friesen, David E.
Froese, Victor E.
Frost, C. Sydney
Fry, E. Ewart
Fry, R. Archibald
Fryer, J. Dudley
Fugler, R. E.
Funston, Fred. G.
Furniss, L.

Gainor, J. Robin
Gallant, Harry G.
Galloway, Charles T. P.
Gardiner, G. C.
Gardiner, Frederick G., Q.C., LL.D.
Gardner, W. J.
Garfunkel, B. H., E.D.
Garland, Steve
Garlick, R. D.
Gartley, John C.
Gartshore, John B.
Gaskell, Ian M.
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Peel-Elder Limited

Richardson Securities of Canada

Rothmans of Pall Mall Canada Limited
Royal Bank of Canada

Stapells, R. Bredin
Strathy, James G. K.

Toronto-Dominion Bank
Transcanada Pipelines Ltd.

Wood Gundy Limited
Wotherspoon, Gordon D. deS.

DONORS

Adamson, G. A.
Allen, John F.
Ambrose, Philip
Archbold, Wm. D.
Armstrong, R. L.

Babcock, Harold A.
Baker, Allan D.
Baker, George
Bankers Securities of Canada Limited
Barber, Col. J. R.
Bark, Chad. F.
Bath, Donald
Beattie, A. L.
Beatty, D. S.
Bell, J. Donald
Bethell, R. Anthony
Biddell, J. L.
Birrell, R. G.
Brook, Edward
Burgess, C. N.
Burns Bros. and Denton Limited
Burns Foundation, Janet and Charles

CFRB Limited
Campbell, J.
Canada & Dominion Sugar Co. Ltd.
Canada Malting Co. Limited
Canada Permanent Trust
Carnegie, A. D.
Carr, E. P.
Chambers, H. J. A.
Chateau-Gai Wines Limited
Chetwynd, A.
Chetwynd Films Ltd.
Cohen, John C.
Corrigan, J. H.
Cranfield, Harold
Credit Foncier Franco-Canadian
Crothers, Hugh A.
Crummey, C. B.

Daly, R. A. & Co. Ltd.
Davidson, I. D.
Davies, R. A.
DeGeer, Ross
Desautels, M. A.
Dewar, J. S.
Dewar, K. M.
Diamond, A. E.
Dickie, Ronald Wright
Dowd, E. C.
Dunbar, Carlyle
Dunwood, James M.

Eaton, John C.
Edwards, H. E.
Ellis, J. F.

Floras, F.
Foss, Roy
Franklin, A.
Freeman, L. R.

Gillies, J. N.
Gooderham, F. L.
Griffiths, F. D.
Grubb, L. Edward
Guindon, Hon. Fern

Hamilton, John B.
Hanson, George
Hargraft, G. M.
Hawes, Jack E.
Hawkes, Robert H.
Hill, William S.
Hoffman, Charles C.
Hunter, Lt. Col. P. W.

Inwood, Arthur E. M.
Irwin, A. B.
Irwin, John

Jamieson, H. T.
Jolliffe, E. B.
Jones, Robert H.

Karfilis, James
Keyes, Gordon
Kidd, Hon. T. Ashmore
King, John L.
Kinnear, David
Koffler, Murray B.
Kortright, L. H. G.
Lace, Brig. F. D.
Lambert, Allen T.
Langley, Major Arthur J.
Lawrence, Richard L.
Leibel, William
Lennie, P. S.
Libman, Ben
Lincoln Trust & Savings Company
Littler, W. T.
Livingston, W. R.
Love, Gage H.
Lowrey, J. A.
Ludlow, Basil G.

MacDonald, Fraser W.
MacDonald, H. I.
MacDonald, Keith
MacDougall, Hartland M.
MacKey, Arthur
MacKinson, W. J.
MacNaughton, Hon. Charles S.
MacPherson, Donald S.
Martin, G. A.
Martin, R.
Mather, John J.
Matthews & Co. Ltd.
Mayzell, Louis
McIntosh, Donald A.
McNamara, H.
McWilliams, David B.
Metropolitan Stores of Canada Ltd.
Milic, Vladin
Miller, T. D.
Mitchell, John F.
Mollenhauer Limited
Monson, David D.
Muir, Lt. Col. Charles A.
Murphy, A. Charles
Mutrie, R. R.

National Life Assurance Company of Canada
Newman, H. A.
Nichol, L. E.
Nicholson, K. E.

Ogg, Albert M.
Olver, A. S.

Parkinson, R. M.
Peachey, Edmund
Peterson, N. F.
Phillips, Harold G.
Phillips, L.
Pilkington, Harry
Powley, B. G.
Poyntz, A. R.
Protter, Bernard

Ripley, T. S.
Robarts, Hon. J. P.
Robertson, R. A.
Robertson, R. N.
Rohmer, Richard
Rowntree, Hon. H. L.
Royal Trust Company, The

Secombe, N. M.
Shaw, William J.
Sheppard, Norris E.
Shipp, Gordon S.
Simpson, C. Norman
Small, R. Hardy
Southam Press Limited
Stafford, G. O.
Steed, R. G.
Stevens, J. H.
Stevenson, J. D
Stewart, D. C.
Stewart, Donald A.
Strathy, C. M. A.

Tallon, James W.

Taylor, Robt. B.
Thompson, E. F.
Thomson Foundation, The
Thompson, J. W.
Tieman, Col. E. E.
Tomlinson, J. M.

Underell, J. W. J.

Vandervell Canada (1968) Limited
Vernon, G. P. H.

Waddell, G/Capt. R. C. A.
Waldie, Gordon
Wasteneys, Lt. Col. J. G.
Wasylenko, John
Wells, Hon. D. C.
West, H. Bruce
Wilgran Corporation Limited
Wilson, James
Winter, Douglas
Wotherspoon, R. H.
Wrinch, Maj. Gen. Arthur E.

Yamaguchi, Koichiro
Yoerger, John S.

THE EMPIRE CLUB FOUNDATION

(Incorporated under the laws of the Province of Ontario as a non-profit corporation without share capital)

FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members of
The Empire Club Foundation:

We have examined the interim balance sheet of The Empire Club Foundation as at October 31, 1972 and the interim statements of income and expenses and accumulated surplus for the six months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Verification of contributions received is not practicable through normal audit procedures. Our verification of this item consequently has been confined to a test comparison of recorded receipts with bank deposits.

In our opinion, subject to the limitation in the scope of our examination reported in the preceding paragraph, these interim financial statements present fairly the financial position of The Empire Club Foundation as at October 31, 1972 and the results of its operations for the six months ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated (Note 1).

SMITH, NIXON & CO.,
Toronto, December 6, 1972. Chartered Accountants

INTERIM BALANCE SHEET AS AT OCTOBER 31, 1972

(With comparative restated figures as at April 30, 1972)

ASSETS

	October 31	April 30 Restated (Note 1)
Bank	$ 3,164	$ 7,630
Bank deposit certificate— maturing November 6, 1972	12,000	—
Accrued interest receivable	200	—
Accounts receivable	—	12
	$15,364	$ 7,642

LIABILITIES AND SURPLUS

Accounts payable and accrued liabilities	$ 115	$ 41
Accumulated surplus	15,249	7,601
	$15,364	$ 7,642

INTERIM STATEMENT OF ACCUMULATED SURPLUS FOR THE SIX MONTHS ENDED OCTOBER 31, 1972

(With comparative restated figures as at April 30, 1972)

	October 31	April 30 Restated (Note 1)
Retained Earnings—beginning of period		
As previously reported	$ 1,657	$ 606
Adjustment to prior years income and expenses	5,944	—
As restated	7,601	606
Excess of income over expenses	7,648	6,995
Accumulated Surplus–end of period	$15,249	$ 7,601

INTERIM STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED OCTOBER 31, 1972

(With comparative restated figures as at April 30, 1972)

	October 31	April 30 Restated (Note 1)
Income		
Contributions	$7,918	$13,140
Interest earned	212	166
Books sold	—	2,672
	8,130	15,978
Expenses		
Stationery and postage	482	158
Cost of Empire Club of Canada Year Book	—	8,825
	482	8,983
Excess of Income over Expenses	$ 7,648	$ 6,995

NOTE 1

Effective May 1, 1972 the Foundation adopted the policy of recording as income only donations received during the period and reflecting as expenses only costs incurred during the period. Due to a change in the method of funding the Foundation the previous policy of accruing estimated projected income and expenses became inoperable.